



mDR Limited

First Quarter Financial Statements for the Period Ended 31 March 2012

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	Q1-12	Q1-11	Inc/(Dec) %
Continuing operations				
Revenue	1	73,059	88,656	-18%
Cost of sales	1	<u>(65,024)</u>	<u>(80,627)</u>	-19%
Gross profit	1	8,035	8,029	0%
Other income	2	389	340	14%
Administrative expenses	3	(4,439)	(4,760)	-7%
Other operating expenses	4	(2,173)	(2,341)	-7%
Changes in fair value of convertible loan notes designated as fair value through profit or loss		-	589	N.M.
Finance costs	5	<u>(8)</u>	<u>(173)</u>	-95%
Total expenses		<u>(6,620)</u>	<u>(6,685)</u>	-1%
Profit before income tax		1,804	1,684	7%
Income tax expense	6	<u>(247)</u>	<u>(286)</u>	-14%
Profit for the period from continuing operations		1,557	1,398	11%
Discontinued operations				
Profit for the period from discontinued operations	7	<u>-</u>	<u>98</u>	N.M.
Profit for the period		<u>1,557</u>	<u>1,496</u>	4%
Other comprehensive income				
Currency translation differences arising from consolidation		-	37	N.M.
Reclassification of currency translation reserves on disposals of subsidiaries		<u>-</u>	<u>-</u>	N.M.
Other comprehensive income for the period, net of tax		<u>-</u>	<u>37</u>	N.M.
Total comprehensive income for the period		<u><u>1,557</u></u>	<u><u>1,533</u></u>	2%
Profit attributable to:				
Owners of the Company		1,529	1,187	29%
Non-controlling interests		<u>28</u>	<u>309</u>	-91%
Total comprehensive income for the period		<u><u>1,557</u></u>	<u><u>1,496</u></u>	4%
Total comprehensive income attributable to:				
Owners of the Company		1,529	1,224	25%
Non-controlling interests		<u>28</u>	<u>309</u>	-91%
		<u><u>1,557</u></u>	<u><u>1,533</u></u>	2%

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 two business segments – After Market Services (“AMS”) and Distribution Management Solutions (“DMS”). The breakdown of revenue and cost of goods sold and spare parts are as follows:

In S\$'000	Q1-12	Q1-11
Revenue		
AMS	6,100	3,936
DMS	66,959	84,720
	<u>73,059</u>	<u>88,656</u>
Cost of Goods Sold and Spare Parts		
AMS	(4,851)	(2,788)
DMS	(60,173)	(77,839)
	<u>(65,024)</u>	<u>(80,627)</u>
Gross Profit		
AMS	1,249	1,148
DMS	6,786	6,881
	<u>8,035</u>	<u>8,029</u>
GP%		
AMS	20%	29%
DMS	10%	8%
	<u>11%</u>	<u>9%</u>

Note 2 Other income consist of the following:

In S\$'000	Q1-12	Q1-11
Interest income	3	2
Rental income	343	270
Liabilities written back	-	65
Others	43	3
	<u>389</u>	<u>340</u>

Note 3 Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q1-12	Q1-11
<u>Staff</u>		
AMS	1,289	1,328
DMS	2,506	2,291
	<u>3,795</u>	<u>3,619</u>

Included in staff cost is share option expense of \$24,000 (1Q-11: \$12,000).

Note 4 Other operating expenses consist of the following:

In S\$'000	Q1-12	Q1-11
Rental expenses	1,641	1,859
Depreciation expenses	282	232
Plant and equipment written off	97	1
(Gain) Loss on disposal of plant and equipment	(20)	4
Allowance for inventories	164	169
Inventories written off	-	38
Foreign currency exchange losses	9	38
	<u>2,173</u>	<u>2,341</u>

Note 5 Finance costs

Finance costs comprise interest on finance leases in 1Q-12, as well as interest expense arising from loans and overdrafts drawn down for operating and investing activities in 1Q-11.

Note 6 Income tax expense

The tax expense provision is calculated for profitable subsidiaries before group relief is taken into consideration.

Note 7 Income statement disclosures for discontinued operations

In S\$'000	Q1-12	Q1-11
Revenue	-	-
Cost of sales	-	-
Gross profit	<u>-</u>	<u>-</u>
Other operating income	-	-
Administrative expenses	-	(4)
Other operating expenses	-	102
Finance costs	-	-
Profit before income tax	<u>-</u>	<u>98</u>
Income tax expense	-	-
Profit for the period	<u>-</u>	<u>98</u>
Gain from disposal of discontinued operations	-	-
Profit from discontinued operations	<u>-</u>	<u>98</u>

2011

The Group deregistered/disposed Accord Customer Care Solutions International Limited, After Market Solutions (CE) Pte. Ltd., After Market Solutions (CE) Sdn. Bhd., Playwork Solutions Pte. Ltd. and Tri-Max Pte. Ltd. in 2Q-11.

The Group deregistered Pacific Cellular International Limited, a majority-owned dormant subsidiary held through Distribution Management Solutions Pte. Ltd. in 4Q-11.

The comparative statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations.

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-12	31-Dec-11	31-Mar-12	31-Dec-11
ASSETS					
Current assets					
Cash and bank balances		10,779	12,778	5,043	1,923
Cash pledged		2,000	2,000	-	-
Trade receivables	1	22,598	23,913	2,570	2,619
Other receivables and prepayments	2	3,446	3,231	11,047	12,889
Inventories	3	18,007	15,553	528	696
Total current assets		<u>56,830</u>	<u>57,475</u>	<u>19,188</u>	<u>18,127</u>
Non-current assets					
Investment in subsidiaries		-	-	14,436	14,436
Plant and equipment		2,864	3,110	661	654
Other goodwill		2,350	2,350	-	-
Total non-current assets		<u>5,214</u>	<u>5,460</u>	<u>15,097</u>	<u>15,090</u>
Total assets		<u><u>62,044</u></u>	<u><u>62,935</u></u>	<u><u>34,285</u></u>	<u><u>33,217</u></u>
Current liabilities					
Trade payables	4	13,782	14,954	1,734	1,812
Other payables	5	8,779	11,720	2,216	2,656
Current portion of finance leases		82	81	64	64
Income tax payable		1,791	1,343	-	-
Total current liabilities		<u>24,434</u>	<u>28,098</u>	<u>4,014</u>	<u>4,532</u>
Non-current liabilities					
Finance leases		524	545	412	428
Deferred tax liabilities		153	154	-	-
Total non-current liabilities		<u>677</u>	<u>699</u>	<u>412</u>	<u>428</u>
Capital, reserves and non-controlling interests					
Share capital		123,358	122,117	123,358	122,117
Capital reserve		(859)	(859)	22	22
Share options reserve		1,587	1,590	1,587	1,590
Foreign currency translation reserve		200	200	-	-
Accumulated losses		(87,887)	(89,416)	(95,108)	(95,472)
Equity attributable to owners of the Company		<u>36,399</u>	<u>33,632</u>	<u>29,859</u>	<u>28,257</u>
Non-controlling interests		534	506	-	-
Total equity		<u>36,933</u>	<u>34,138</u>	<u>29,859</u>	<u>28,257</u>
Total liabilities and equity		<u><u>62,044</u></u>	<u><u>62,935</u></u>	<u><u>34,285</u></u>	<u><u>33,217</u></u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 31 March 2012 is 29 days (31 December 2011: 24 days).

The increase in the Group's trade receivable turnover was mainly due to the lower revenue base for 1Q-12 compared to 1Q-11. The lower revenue base was largely due to the decline in the Group's distribution business, which is mainly on cash terms.

2 Other receivables and prepayments

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

S\$'000	31-Mar-12	31-Dec-11
Rental deposits	1,862	1,843
Other receivables	1,239	1,017
Prepayments	234	256

Other receivables of \$1.2 million as at 31 March 2012 mainly comprised credit notes of \$0.6 million to be received from principals in relation to sell through, advertising and promotion support.

3 Inventories

The Group's inventory turnover for the quarter ended 31 March 2012 is 23 days (31 December 2011: 16 days).

Group inventories as at 31 March 2012 is \$18.0 million (31 December 2011: \$15.6 million).

The increase in inventories was mainly due to high stock purchases towards period end and longer stock holding in view of the slower distribution business.

4 Trade payables

The Group's trade payables turnover as at 31 March 2012 is 20 days (31 December 2011: 16 days).

The increase in the Group's trade payables turnover was mainly due to the lower purchases made in 1Q-12 with the slower distribution business.

5 Other payables

The Group's other payables consist of the following:

S\$'000	31-Mar-12	31-Dec-11
Advertising, promotion and sell through funds from principals	2,444	3,157
Other payables to third parties	640	1,396
Accrued staff costs	1,145	1,662
Rebates owing to franchisees	1,749	2,347
Accrued purchases	67	232
Other accrued operating expenses	762	670

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-12		As at 31-Dec-11	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
82	-	81	-

Amount repayable after one year

As at 31-Mar-12		As at 31-Dec-11	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
524	-	545	-

Details of collateral

The borrowings are secured on certain motor vehicles held under finance leases.

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	Q1-12	Q1-11
Operating activities		
Profit before income tax from continuing operations	1,804	1,684
Profit before income tax from discontinued operations	-	98
	<u>1,804</u>	<u>1,782</u>
Adjustments for:		
Depreciation expense	282	232
Interest expense	8	173
Interest income	(3)	(2)
(Gain) Loss on disposal of plant and equipment	(20)	4
Plant and equipment written off	97	1
Reversal of impairment on plant and equipment	-	(34)
Allowance for inventories	164	169
Inventories written off	-	38
Reversal of allowance for doubtful trade receivables	-	(71)
Share-based payments	24	12
Changes in fair value of convertible notes/bonds designated as fair value through profit or loss	-	(589)
Liabilities written back	-	(65)
Net foreign exchange losses	-	37
	<u>2,356</u>	<u>1,687</u>
Operating cash flows before movements in working capital		
Trade receivables	1,315	(175)
Other receivables and prepayments	(215)	(503)
Inventories	(2,618)	(1,586)
Trade payables	(1,172)	2,368
Other payables	(2,941)	1,678
	<u>(3,275)</u>	<u>3,469</u>
Cash (used in) generated from operations		
Interest received	3	2
Income tax refund (paid)	200	(53)
	<u>(3,072)</u>	<u>3,418</u>
Net cash (used in) from operating activities		
Investing activities		
Proceeds from disposal of plant and equipment	121	1
Purchase of plant and equipment	(234)	(141)
	<u>(113)</u>	<u>(140)</u>
Net cash used in investing activities		
Financing activities		
Interest paid	(8)	(173)
Proceeds from issuance of ordinary shares, net	1,214	-
Cash pledged	-	-
Repayment of obligations under finance leases	(20)	-
Repayment of convertible bonds	-	(5,300)
	<u>1,186</u>	<u>(5,473)</u>
Net cash generated from (used in) financing activities		
Net decrease in cash and cash equivalents	(1,999)	(2,195)
Cash and cash equivalents at beginning of period	12,778	3,347
	<u>10,779</u>	<u>1,152</u>
Cash and cash equivalents at end of period		

Notes

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

In S\$'000	Q1-12	Q1-11
Cash	12,779	11,670
Bank overdrafts	-	(8,294)
Less: Cash pledged	(2,000)	(2,224)
Cash and cash equivalents	<u>10,779</u>	<u>1,152</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>Share options reserve</u>	<u>Currency translation reserve</u>	<u>Accumulated losses</u>	<u>Attributable to equity holders</u>	<u>Non-controlling interests</u>	<u>Total</u>
Group								
Balance as at 1 January 2012	122,117	(859)	1,590	200	(89,416)	33,632	506	34,138
Total comprehensive income for the period	-	-	-	-	1,529	1,529	28	1,557
Issue of shares upon share options exercised	99	-	(27)	-	-	72	-	72
Issue of shares upon conversion of warrants	1,142	-	-	-	-	1,142	-	1,142
Recognition of share-based payments	-	-	24	-	-	24	-	24
Balance as at 31 March 2012	<u>123,358</u>	<u>(859)</u>	<u>1,587</u>	<u>200</u>	<u>(87,887)</u>	<u>36,399</u>	<u>534</u>	<u>36,933</u>
Balance as at 1 January 2011	109,456	22	1,528	137	(96,434)	14,709	3,676	18,385
Total comprehensive income for the period	-	-	-	37	1,187	1,224	309	1,533
Issue of shares upon conversion of convertible notes	50	-	-	-	-	50	-	50
Recognition of share-based payments	-	-	12	-	-	12	-	12
Balance as at 31 March 2011	<u>109,506</u>	<u>22</u>	<u>1,540</u>	<u>174</u>	<u>(95,247)</u>	<u>15,995</u>	<u>3,985</u>	<u>19,980</u>
Company								
Balance as at 1 January 2012	122,117	22	1,590	-	(95,472)	28,257	-	28,257
Total comprehensive income for the period	-	-	-	-	364	364	-	364
Issue of shares upon share options exercised	99	-	(27)	-	-	72	-	72
Issue of shares upon conversion of warrants	1,142	-	-	-	-	1,142	-	1,142
Recognition of share-based payments	-	-	24	-	-	24	-	24
Balance as at 31 March 2012	<u>123,358</u>	<u>22</u>	<u>1,587</u>	<u>-</u>	<u>(95,108)</u>	<u>29,859</u>	<u>-</u>	<u>29,859</u>
Balance as at 1 January 2011	109,456	22	1,528	-	(98,194)	12,812	-	12,812
Total comprehensive income for the period	-	-	-	-	51	51	-	51
Issue of shares upon conversion of convertible notes	50	-	-	-	-	50	-	50
Recognition of share-based payments	-	-	12	-	-	12	-	12
Balance as at 31 March 2011	<u>109,506</u>	<u>22</u>	<u>1,540</u>	<u>-</u>	<u>(98,143)</u>	<u>12,925</u>	<u>-</u>	<u>12,925</u>

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

Issued Share Capital

The Company issued an additional 242,768,329 new ordinary shares during the quarter ended 31 March 2012 (1Q11: 11,111,111) at \$0.005 (1Q-11: \$0.0045) per share through conversion of 228,349,329 warrants and 14,419,000 share options (1Q-11: through conversion of convertible notes).

As a result, the Company's issued and paid-up capital increased to \$123,358,744 divided into 6,560,991,986 shares as at 31 March 2012.

Warrants

At 31 March 2012, there were 6,089,874,327 (31 March 2011: Nil) outstanding warrants. Each warrant carries the right to subscribe for one new share in the capital of the Company at an exercise price of \$0.005.

Share options

The Company has 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.

At 31 March 2012, there were 81,705,274 (31 March 2011: 82,516,274) outstanding share options which would entitle the holders to subscribe for a total of 81,705,274 (31 March 2011: 82,516,274) ordinary shares.

The 81,705,274 share options outstanding at 31 March 2012 are approximately 1.25% of the share capital consisting of 6,560,991,986 issued shares at 31 March 2012.

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-12	31-Dec-11
Issued and paid up	<u>6,560,991,986</u>	<u>6,318,223,657</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 2011.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") for accounting periods beginning 1 January 2012, where applicable.

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

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

Earnings per ordinary share <i>(based on consolidated net profit attributable to equity holders of the Company)</i>	Q1-12 Cents	Q1-11 Cents
From continuing and discontinued operations:		
- Basic	0.023	0.032
- Fully diluted	<u>0.016</u>	<u>0.032</u>
From continuing operations:		
- Basic	0.023	0.029
- Fully diluted	<u>0.016</u>	<u>0.029</u>
From discontinuing operations:		
- Basic	0.000	0.003
- Fully diluted	<u>0.000</u>	<u>0.003</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 6,510,626,834 (1Q-11: 3,747,398,976).

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 9,759,944,296 (1Q-11: 3,747,398,976).

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-12 Cents	31-Dec-11 Cents	31-Mar-12 Cents	31-Dec-11 Cents
Net Asset Value ("NAV") per share	<u>0.55</u>	<u>0.53</u>	<u>0.46</u>	<u>0.45</u>

The NAV per share as at 31 March 2012 is calculated based on 6,560,991,986 (31 December 2011: 6,318,223,657) 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 for 1Q-12 has decreased by 18% from \$88.7 million to \$73.1 million due to lower contributions from its distribution business. On the other hand, the Group registered a quarter-on-quarter growth in other DMS and AMS businesses, which helped the Group to achieve gross profits of \$8.0 million.

The Group's overall gross profit margin for 1Q-12 improved to 11% compared to 9% for 1Q-11 to achieve net profits after tax of \$1.56 million for 1Q-12 compared to \$1.50 million for 1Q-11.

1Q-11 net profits after tax of \$1.50 million includes the convertible loan notes fair value gain of \$0.6 million and profits from discontinued operations of \$0.1 million.

1Q-12 net profits attributable to owners of \$1.53 million reflect the consolidation of 97.53% interest in Distribution Management Solutions Pte. Ltd., as compared to 76.37% interest for 1Q-11.

Cash flows

There was an increase in net cash outflows for Q1-12 due to higher repayment made to suppliers; this reduced the Group's cash position from \$12.8 million as at 31 December 2011 to \$10.8 million as at 31 March 2012.

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

Notwithstanding the uncertain state of the global and local economies, the Group is cautiously optimistic of the outlook for the remainder of the 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?

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)
Pacific Organisation Pte Ltd - rental expenses	\$'000 109	\$'000 Nil

BY ORDER OF THE BOARD

Philip Eng Heng Nee
Chairman

11 May 2012

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

We, Mah Kah On 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 2012 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Mah Kah On
Chairman of Audit Committee

Ong Ghim Choon
Chief Executive Officer

Singapore, 11 May 2012