



MDR Limited

mDR Limited

Third Quarter Financial Statements for the Period Ended 30 September 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	3Q-12	3Q-11	Inc/(Dec) %	YTD-12	YTD-11	Inc/(Dec) %
Continuing operations							
Revenue	1	80,970	82,992	-2%	224,534	261,813	-14%
Cost of sales	1	(73,180)	(74,781)	-2%	(201,499)	(237,319)	-15%
Gross profit	1	<u>7,790</u>	<u>8,211</u>	-5%	<u>23,035</u>	<u>24,494</u>	-6%
Other income	2	338	482	-30%	1,108	1,599	-31%
Administrative expenses	3	(4,972)	(4,308)	15%	(13,842)	(13,686)	1%
Other operating expenses	4	(2,193)	(2,319)	-5%	(6,627)	(7,022)	-6%
Changes in fair value of convertible loan notes designated as fair value through profit and loss		-	-	N.M.	-	589	N.M.
Finance costs	5	<u>(8)</u>	<u>(108)</u>	-93%	<u>(24)</u>	<u>(395)</u>	-94%
Total expenses		<u>(7,173)</u>	<u>(6,735)</u>	7%	<u>(20,493)</u>	<u>(20,514)</u>	0%
Profit before income tax		955	1,958	-51%	3,650	5,579	-35%
Income tax expense	6	<u>(156)</u>	<u>(274)</u>	-43%	<u>(472)</u>	<u>(880)</u>	-46%
Profit for the period from continuing operations		799	1,684	-53%	3,178	4,699	-32%
Discontinued operations							
(Loss) Profit for the period from discontinued operations	7	<u>-</u>	<u>(5)</u>	N.M.	<u>-</u>	<u>88</u>	N.M.
Profit for the period		799	1,679	-52%	3,178	4,787	-34%
Other comprehensive income							
Currency translation differences arising from consolidation		<u>2</u>	<u>17</u>	-88%	<u>3</u>	<u>71</u>	-96%
Other comprehensive profit for the period, net of tax		2	17	-88%	3	71	-96%
Total comprehensive income for the period		<u><u>801</u></u>	<u><u>1,696</u></u>	-53%	<u><u>3,181</u></u>	<u><u>4,858</u></u>	-35%
Profit attributable to:							
Owners of the Company		781	1,620	-52%	3,122	4,232	-26%
Non-controlling interests		<u>18</u>	<u>59</u>	-69%	<u>56</u>	<u>555</u>	-90%
Total comprehensive income		<u><u>799</u></u>	<u><u>1,679</u></u>	-52%	<u><u>3,178</u></u>	<u><u>4,787</u></u>	-34%
Total comprehensive income attributable to:							
Owners of the Company		783	1,637	-52%	3,125	4,303	-27%
Non-controlling interests		<u>18</u>	<u>59</u>	-69%	<u>56</u>	<u>555</u>	-90%
		<u><u>801</u></u>	<u><u>1,696</u></u>	-53%	<u><u>3,181</u></u>	<u><u>4,858</u></u>	-35%

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	3Q-12	3Q-11	YTD-12	YTD-11
Revenue				
AMS	6,955	5,281	18,913	13,996
DMS	74,015	77,711	205,621	247,817
	<u>80,970</u>	<u>82,992</u>	<u>224,534</u>	<u>261,813</u>
Cost of goods sold and spare parts				
AMS	(5,410)	(3,810)	(14,625)	(9,850)
DMS	(67,770)	(70,971)	(186,874)	(227,469)
	<u>(73,180)</u>	<u>(74,781)</u>	<u>(201,499)</u>	<u>(237,319)</u>
Gross profit				
AMS	1,545	1,471	4,288	4,146
DMS	6,245	6,740	18,747	20,348
	<u>7,790</u>	<u>8,211</u>	<u>23,035</u>	<u>24,494</u>
GP%				
AMS	22%	28%	23%	30%
DMS	8%	9%	9%	8%
	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>9%</u>

Total gross profits for 3Q-12 and YTD-12 are lower than the previous year's comparative periods due to lower sales volume from DMS.

Note 2 Other income consist of the following:

In S\$'000	3Q-12	3Q-11	YTD-12	YTD-11
Interest income	1	3	7	6
Rental income	234	382	860	1,143
Bad debts recovered - non-trade	-	-	11	7
Liabilities written back	-	59	-	321
Others	103	38	230	122
	<u>338</u>	<u>482</u>	<u>1,108</u>	<u>1,599</u>

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	3Q-12	3Q-11	YTD-12	YTD-11
Staff Cost				
AMS	1,559	1,347	4,166	3,885
DMS	2,406	2,385	7,228	7,052
	<u>3,965</u>	<u>3,732</u>	<u>11,394</u>	<u>10,937</u>

Included in staff cost is share option expense of \$11,000 and \$44,000 in 3Q-12 and YTD-12 respectively (3Q-11: \$27,000 and YTD-11: \$68,000).

Note 4 Other operating expenses consist of the following:

In S\$'000	3Q-12	3Q-11	YTD-12	YTD-11
Rental expenses	1,625	1,879	5,060	5,594
Depreciation expenses	274	276	832	740
Plant and equipment written off	120	2	228	31
Loss (Gain) on disposal of plant and equipment	1	(1)	(23)	5
Allowance (Reversal) for doubtful trade receivables	-	(19)	-	(19)
Allowance for doubtful other receivables	-	-	-	49
Bad debts written off - trade	-	-	-	1
Bad debts written off - non-trade	-	-	-	8
Allowance for inventories	164	169	493	528
Inventories written off	-	-	-	28
Foreign exchange loss	9	13	37	57
	<u>2,193</u>	<u>2,319</u>	<u>6,627</u>	<u>7,022</u>

Note 5 Finance costs

Finance costs comprise interest on finance leases, as well as interest expense arising from loans and overdrafts drawn down for operating and investing activities in 2011.

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	3Q-12	3Q-11	YTD-12	YTD-11
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other operating income	-	-	-	-
Administrative expenses	-	(1)	-	(6)
Other operating expenses	-	10	-	124
Finance costs	-	-	-	-
Profit before income tax	<u>-</u>	<u>9</u>	<u>-</u>	<u>118</u>
Income tax expense	-	(14)	-	(14)
Profit for the period	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>104</u>
Loss from disposal of discontinued operations	-	-	-	(16)
(Loss) Profit from discontinued operations	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>88</u>

2012

The Group has amalgamated Distribution Management Solutions Pte. Ltd. and iDistribution Pte. Ltd with effect from 1 June 2012 with the former continuing as the surviving entity. The amalgamation has no impact on the consolidated financial statements.

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.

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

In S\$'000	Notes	Group		Company	
		30-Sep-12	31-Dec-11	30-Sep-12	31-Dec-11
ASSETS					
Current assets					
Cash and bank balances		13,206	12,778	2,958	1,923
Cash pledged		-	2,000	-	-
Trade receivables	1	25,429	23,913	4,634	2,619
Other receivables and prepayments	2	5,412	3,231	16,979	12,889
Inventories	3	22,370	15,553	1,392	696
Total current assets		<u>66,417</u>	<u>57,475</u>	<u>25,963</u>	<u>18,127</u>
Non-current assets					
Investment in subsidiaries		-	-	14,436	14,436
Plant and equipment		2,890	3,110	835	654
Other goodwill		2,350	2,350	-	-
Total non-current assets		<u>5,240</u>	<u>5,460</u>	<u>15,271</u>	<u>15,090</u>
Total assets		<u>71,657</u>	<u>62,935</u>	<u>41,234</u>	<u>33,217</u>
Current liabilities					
Trade payables	4	15,913	14,954	4,197	1,812
Other payables	5	11,406	11,720	2,349	2,656
Current portion of finance leases		85	81	66	64
Income tax payable		1,256	1,343	-	-
Total current liabilities		<u>28,660</u>	<u>28,098</u>	<u>6,612</u>	<u>4,532</u>
Non-current liabilities					
Finance leases		481	545	378	428
Deferred tax liabilities		153	154	-	-
Total non-current liabilities		<u>634</u>	<u>699</u>	<u>378</u>	<u>428</u>
Capital, reserves and non-controlling interests					
Share capital		129,291	122,117	129,291	122,117
Capital reserve		(859)	(859)	22	22
Share options reserve		1,536	1,590	1,536	1,590
Foreign currency translation reserve		203	200	-	-
Accumulated losses		(88,370)	(89,416)	(96,605)	(95,472)
Equity attributable to owners of the Company		<u>41,801</u>	<u>33,632</u>	<u>34,244</u>	<u>28,257</u>
Non-controlling interests		562	506	-	-
Total equity		<u>42,363</u>	<u>34,138</u>	<u>34,244</u>	<u>28,257</u>
Total liabilities and equity		<u>71,657</u>	<u>62,935</u>	<u>41,234</u>	<u>33,217</u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 30 September 2012 is 30 days (31 December 2011: 24 days).

The increase in the Group's trade receivable turnover was mainly due to the lower revenue base for 3Q-12 compared to 3Q-11. The lower revenue base was largely due to the Group's slower 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	30-Sep-12	31-Dec-11
Rental deposits	1,913	1,843
Other receivables	3,166	1,017
Prepayments	193	256

Other receivables of \$3.2 million as at 30 September 2012 mainly comprised credit notes of \$1.7 million to be received from principals in relation to sell through, advertising and promotion support, and reimbursable claims from principals of \$0.5 million.

3 Inventories

The Group's inventory turnover for the period ended 30 September 2012 is 25 days (31 December 2011: 16 days).

Group inventories as at 30 September 2012 is \$22.4 million (31 December 2011: \$15.6 million).

The increase in inventory holding was mainly due to the higher value per unit handsets held and higher purchases of prepaid cards towards period end.

4 Trade payables

The Group's trade payables turnover as at 30 September 2012 is 21 days (31 December 2011: 16 days).

The increase in the Group's trade payables turnover was mainly due to the lower purchases made in 3Q-12 with the slower distribution business.

5 Other payables

The Group's other payables consist of the following:

S\$'000	30-Sep-12	31-Dec-11
Advertising, promotion and sell through funds from principals	2,881	3,157
Other payables to third parties	795	1,396
Accrued staff costs	1,888	1,662
Rebates owing to franchisees	3,045	2,347
Accrued purchases	85	232
Other accrued operating expenses	1,320	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 30-Sep-12		As at 31-Dec-11	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
85	-	81	-

Amount repayable after one year

As at 30-Sep-12		As at 31-Dec-11	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
481	-	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	3Q-12	3Q-11	YTD-12	YTD-11
Operating activities				
Profit before income tax from continuing operations	955	1,958	3,650	5,579
Profit before income tax from discontinued operations	-	9	-	102
	<u>955</u>	<u>1,967</u>	<u>3,650</u>	<u>5,681</u>
Adjustments for:				
Depreciation expense	274	276	832	740
Interest expense	8	108	24	395
Interest income	(1)	(3)	(7)	(6)
Loss (Gain) on disposal of plant and equipment	1	(1)	(23)	5
Plant and equipment written off	120	2	228	31
Allowance (Reversal) for impairment of plant and equipment	-	-	-	(34)
Allowance for inventories	164	169	493	528
Inventories written off	-	-	-	28
Bad debts written off - trade	-	-	-	1
Bad debts written off - non-trade	-	-	-	8
Allowance (Reversal) for doubtful trade receivables	-	(22)	-	(94)
Allowance (Reversal) for doubtful other receivables	-	(7)	-	25
Employee share-based payments	11	27	44	68
Professional fees settled by shares	-	-	-	510
Loss arising from de-consolidation of disposed subsidiaries	-	-	-	16
Changes in fair value of convertible loan notes designated as fair value through profit or loss	-	-	-	(589)
Liabilities written back	-	(59)	-	(321)
Net foreign exchange losses	2	14	3	70
Operating cash flows before movements in working capital	<u>1,534</u>	<u>2,471</u>	<u>5,244</u>	<u>7,062</u>
Trade receivables	(3,997)	1,927	(1,516)	3,597
Other receivables and prepayments	(914)	(208)	(2,181)	(171)
Inventories	(1,923)	2,746	(7,310)	321
Trade payables	1,021	(832)	959	615
Other payables	1,980	(1,053)	(314)	550
Cash (used in) generated from operations	<u>(2,299)</u>	<u>5,051</u>	<u>(5,118)</u>	<u>11,974</u>
Interest received	1	3	7	6
Income tax paid	(374)	(248)	(560)	(823)
Net cash (used in) from operating activities	<u>(2,672)</u>	<u>4,806</u>	<u>(5,671)</u>	<u>11,157</u>
Investing activities				
Proceeds from disposal of plant and equipment	2	-	124	1
Purchase of plant and equipment	(417)	(531)	(941)	(901)
Net cash used in investing activities	<u>(415)</u>	<u>(531)</u>	<u>(817)</u>	<u>(900)</u>
Financing activities				
Interest paid	(8)	(108)	(24)	(395)
Proceeds from issuance of ordinary shares	1,517	7,963	7,076	7,983
Repayment of obligations under finance leases	(20)	(13)	(60)	(13)
Dividends paid	-	-	(2,076)	-
Repayment of convertible bonds	-	-	-	(5,300)
Cash pledged	2,000	-	2,000	224
Net cash from financing activities	<u>3,489</u>	<u>7,842</u>	<u>6,916</u>	<u>2,499</u>
Net increase in cash and cash equivalents	402	12,117	428	12,756
Cash and cash equivalents at beginning of period	12,804	3,986	12,778	3,347
Cash and cash equivalents at end of period	<u>13,206</u>	<u>16,103</u>	<u>13,206</u>	<u>16,103</u>

Notes

A. Disposal of subsidiaries

In 2Q-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..

The carrying value of assets disposed and liabilities discharged were as follows:

In S\$'000	3Q-12	3Q-11	YTD-12	YTD-11
Assets	-	-	-	16
Liabilities	-	-	-	-
Foreign currency translation reserve	-	-	-	-
Net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>
Proceeds received	-	-	-	-
Cash balance in subsidiaries disposed off	-	-	-	-
Cash outflows on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

In S\$'000	3Q-12	3Q-11
Cash	13,206	18,103
Less: Cash pledged	-	(2,000)
Cash and cash equivalents	<u>13,206</u>	<u>16,103</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>
Total comprehensive income for the period	-	-	-	1	812	813	10	823
Dividends	-	-	-	-	(2,076)	(2,076)	-	(2,076)
Issue of shares upon share options exercised	253	-	(71)	-	-	182	-	182
Issue of shares upon conversion of warrants	4,163	-	-	-	-	4,163	-	4,163
Recognition of share-based payments	-	-	9	-	-	9	-	9
Balance as at 30 June 2012	<u>127,774</u>	<u>(859)</u>	<u>1,525</u>	<u>201</u>	<u>(89,151)</u>	<u>39,490</u>	<u>544</u>	<u>40,034</u>
Total comprehensive income for the period	-	-	-	2	781	783	18	801
Issue of shares upon conversion of warrants	1,517	-	-	-	-	1,517	-	1,517
Recognition of share-based payments	-	-	11	-	-	11	-	11
Balance as at 30 September 2012	<u><u>129,291</u></u>	<u><u>(859)</u></u>	<u><u>1,536</u></u>	<u><u>203</u></u>	<u><u>(88,370)</u></u>	<u><u>41,801</u></u>	<u><u>562</u></u>	<u><u>42,363</u></u>

<u>In S\$'000</u> Group	<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>
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>
Total comprehensive income for the period	-	-	-	17	1,425	1,442	187	1,629
Issue of shares upon share options exercised	29	-	(9)	-	-	20	-	20
Issue of shares for settlement of advisory fees	510	-	-	-	-	510	-	510
Effect of acquiring part of non-controlling interest in a subsidiary	4,150	(911)	-	-	-	3,239	(3,239)	-
Reversal of expenses related to equity-settled share-based payment	-	-	(24)	-	24	-	-	-
Recognition of share-based payments	-	-	29	-	-	29	-	29
Balance as at 30 June 2011	<u>114,195</u>	<u>(889)</u>	<u>1,536</u>	<u>191</u>	<u>(93,798)</u>	<u>21,235</u>	<u>933</u>	<u>22,168</u>
Total comprehensive income for the period	-	-	-	17	1,620	1,637	59	1,696
Issue of placement shares	488	-	-	-	-	488	-	488
Expenses in relation to issuance of placement shares	(13)	-	-	-	-	(13)	-	(13)
Issue of shares pursuant to right cum warrant issue	7,898	-	-	-	-	7,898	-	7,898
Expenses in relation to issuance of right shares	(410)	-	-	-	-	(410)	-	(410)
Recognition of share-based payments	-	-	27	-	-	27	-	27
Balance as at 30 September 2011	<u>122,158</u>	<u>(889)</u>	<u>1,563</u>	<u>208</u>	<u>(92,178)</u>	<u>30,862</u>	<u>992</u>	<u>31,854</u>

<u>In S\$'000</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
Company					
Balance as at 1 January 2012	122,117	22	1,590	(95,472)	28,257
Total comprehensive income for the period	-	-	-	364	364
Issue of shares upon share options exercised	99	-	(27)	-	72
Issue of shares upon conversion of warrants	1,142	-	-	-	1,142
Recognition of share-based payments	-	-	24	-	24
Balance as at 31 March 2012	<u>123,358</u>	<u>22</u>	<u>1,587</u>	<u>(95,108)</u>	<u>29,859</u>
Total comprehensive income for the period	-	-	-	444	444
Dividends	-	-	-	(2,076)	(2,076)
Issue of shares upon share options exercised	253	-	(71)	-	182
Issue of shares upon conversion of warrants	4,163	-	-	-	4,163
Recognition of share-based payments	-	-	9	-	9
Balance as at 30 June 2012	<u>127,774</u>	<u>22</u>	<u>1,525</u>	<u>(96,740)</u>	<u>32,581</u>
Total comprehensive income for the period	-	-	-	135	135
Issue of shares upon conversion of warrants	1,517	-	-	-	1,517
Recognition of share-based payments	-	-	11	-	11
Balance as at 30 September 2012	<u>129,291</u>	<u>22</u>	<u>1,536</u>	<u>(96,605)</u>	<u>34,244</u>
Balance as at 1 January 2011	109,456	22	1,528	(98,194)	12,812
Total comprehensive income for the period	-	-	-	51	51
Issue of shares upon conversion of convertible notes	50	-	-	-	50
Recognition of share-based payments	-	-	12	-	12
Balance as at 31 March 2011	<u>109,506</u>	<u>22</u>	<u>1,540</u>	<u>(98,143)</u>	<u>12,925</u>
Total comprehensive expense for the period	-	-	-	(51)	(51)
Issue of shares upon share options exercised	29	-	(9)	-	20
Issue of shares for settlement of advisory fees	510	-	-	-	510
Effect of acquiring part of non-controlling interest in a subsidiary	4,150	-	-	-	4,150
Reversal of expenses related to equity-settled share-based payment	-	-	(24)	24	-
Recognition of share-based payments	-	-	29	-	29
Balance as at 30 June 2011	<u>114,195</u>	<u>22</u>	<u>1,536</u>	<u>(98,170)</u>	<u>17,583</u>
Total comprehensive income for the period	-	-	-	323	323
Issue of placement shares	488	-	-	-	488
Expenses in relation to issuance of placement shares	(13)	-	-	-	(13)
Issue of shares pursuant to rights cum warrants issue	7,898	-	-	-	7,898
Expenses in relation to issuance of right shares	(410)	-	-	-	(410)
Recognition of share-based payments	-	-	27	-	27
Balance as at 30 September 2011	<u>122,158</u>	<u>22</u>	<u>1,563</u>	<u>(97,847)</u>	<u>25,896</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

In 3Q-12, the Company issued an additional 303,500,000 new ordinary shares at \$0.005 per share through conversion of 303,500,000 warrants.

As a result, the Company's issued and paid-up capital increased to \$129,290,799 divided into 7,733,788,386 shares as at 30 September 2012.

In 3Q-11, the Company issued an additional 1,677,055,914 new ordinary shares as follows:

- a) 30,000,000 ordinary shares at \$0.005 per share arising from share placement to selected employees.
- b) 67,500,000 ordinary shares at \$0.005 per share arising from share placement to directors.
- c) 1,579,555,914 ordinary shares at \$0.005 per share arising from rights issue.

Warrants

At 30 September 2012, there were 4,953,577,927 (30 September 2011: 6,318,223,656) 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 30 September 2012, there were 53,194,274 (30 September 2011: 77,366,274) outstanding share options which would entitle the holders to subscribe for a total of 53,194,274 (30 September 2011: 77,366,274) ordinary shares.

The 53,194,274 share options outstanding at 30 September 2012 are approximately 0.69% of the share capital consisting of 7,733,788,386 issued shares at 30 September 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	
	30-Sep-12	31-Dec-11
Issued and paid up	<u>7,733,788,386</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

	3Q-12	3Q-11	YTD-12	YTD-11
Earnings per ordinary share <i>(based on consolidated net profit attributable to equity holders of the Company)</i>	cents	cents	cents	cents
From continuing and discontinued operations:				
- Basic	0.011	0.034	0.043	0.090
- Fully diluted	<u>0.008</u>	<u>0.034</u>	<u>0.030</u>	<u>0.090</u>
From continuing operations:				
- Basic	0.011	0.034	0.043	0.088
- Fully diluted	<u>0.008</u>	<u>0.034</u>	<u>0.030</u>	<u>0.088</u>
From discontinuing operations:				
- Basic	-	-	-	0.002
- Fully diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.002</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 7,252,462,815 (3Q-11: 4,713,100,079).

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 10,380,238,691 (3Q-4,713,100,079).

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

	Group		Company	
	30-Sep-12	31-Dec-11	30-Sep-12	31-Dec-11
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	<u>0.54</u>	<u>0.53</u>	<u>0.44</u>	<u>0.45</u>

The NAV per share as at 30 September 2012 is calculated based on 7,733,788,386 (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 3Q-12 has decreased by 2% from \$83.0 million to \$81.0 million, whereas for YTD-12, it has decreased by 14% from \$261.8 million to \$224.5 million. The decrease in turnover was mainly due to the slowdown in the distribution business.

The Group's gross profit margins quarter-on-quarter remained constant, with a slight year-on-year increase of 1% from 9% to 10%, mainly due to change in sales mix.

Overall, with the decline in revenues, net profits for the Group decreased by 52% from \$1.7 million to \$0.8 million quarter-on-quarter, and 34% from \$4.8 million to \$3.2 million year-on-year.

Cash flows

Though warrants have been exercised, the lower level of cash is primarily due to our higher working capital needs.

As at 30 September 2012, the Group's working capital position increased to \$37.8 million, up from \$29.4 million as at 31 December 2011.

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 global economy remains challenging whilst Singapore's economy continues to grow, albeit at a slower pace, which may impact consumers' sentiment. However, new product launches by mobile phone manufacturers in the coming months may help to drive and sustain consumer demand.

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	\$'000 326	\$'000 Nil

BY ORDER OF THE BOARD

Philip Eng Heng Nee
Chairman
8 November 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 third 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, 8 November 2012