



MDR Limited

mDR Limited

Third Quarter Financial Statements for the Period Ended 30 September 2013

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-13	3Q-12	Inc/(Dec) %	YTD-13	YTD-12	Inc/(Dec) %
<b>Revenue</b>	1	82,905	80,970	2%	243,733	224,534	9%
Cost of sales	1	<u>(73,660)</u>	<u>(73,180)</u>	1%	<u>(218,320)</u>	<u>(201,499)</u>	8%
<b>Gross profit</b>	1	9,245	7,790	19%	25,413	23,035	10%
Other income	2	298	338	-12%	840	1,108	-24%
Administrative expenses	3	(5,779)	(4,972)	16%	(16,602)	(13,842)	20%
Other operating expenses	4	(2,441)	(2,193)	11%	(6,678)	(6,627)	1%
Finance costs	5	<u>(39)</u>	<u>(8)</u>	388%	<u>(66)</u>	<u>(24)</u>	175%
Total expenses		(8,259)	(7,173)	15%	(23,346)	(20,493)	14%
<b>Profit before income tax</b>		1,284	955	34%	2,907	3,650	-20%
Income tax expenses	6	<u>(263)</u>	<u>(156)</u>	69%	<u>(522)</u>	<u>(472)</u>	11%
<b>Profit for the period</b>		1,021	799	28%	2,385	3,178	-25%
<b>Other comprehensive income</b>							
Currency translation differences arising on consolidation		<u>(65)</u>	<u>2</u>	-3350%	<u>(62)</u>	<u>3</u>	-2167%
<b>Other comprehensive (loss) profit for the period, net of tax</b>		(65)	2	-3350%	(62)	3	-2167%
<b>Total comprehensive income for the period</b>		<u>956</u>	<u>801</u>	19%	<u>2,323</u>	<u>3,181</u>	-27%
<b>Profit attributable to:</b>							
Owners of the Company		1,019	781	30%	2,349	3,122	-25%
Non-controlling interests		<u>2</u>	<u>18</u>	-89%	<u>36</u>	<u>56</u>	-36%
<b>Total comprehensive income</b>		<u>1,021</u>	<u>799</u>	28%	<u>2,385</u>	<u>3,178</u>	-25%
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		957	783	22%	2,290	3,125	-27%
Non-controlling interests		<u>(1)</u>	<u>18</u>	-106%	<u>33</u>	<u>56</u>	-41%
		<u>956</u>	<u>801</u>	19%	<u>2,323</u>	<u>3,181</u>	-27%

**1(a)(i) Breakdown and explanatory notes to the income statement****Note 1 Revenue, cost of sales and gross profit**

The Group operates in three business segments – After Market Services (AMS), Distribution Management Solutions (DMS) and Digital Inkjet Printing for Out Of Home (OOH) Advertising Solutions (DPAS).

Business segment DPAS is in relation to Pixio Sdn Bhd (“Pixio”), a digital inkjet printing for point-of-sale and out of home advertisements company that the Group had acquired on 1 July 2013.

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

<b>In S\$'000</b>	<b>3Q-13</b>	<b>3Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
<b>Revenue</b>				
AMS	8,370	6,955	27,502	18,913
DMS	72,624	74,015	214,320	205,621
DPAS	1,911	-	1,911	-
	<u>82,905</u>	<u>80,970</u>	<u>243,733</u>	<u>224,534</u>
<b>Cost of goods sold and spare parts</b>				
AMS	(6,486)	(5,410)	(21,729)	(14,625)
DMS	(66,259)	(67,770)	(195,676)	(186,874)
DPAS	(915)	-	(915)	-
	<u>(73,660)</u>	<u>(73,180)</u>	<u>(218,320)</u>	<u>(201,499)</u>
<b>Gross profit</b>				
AMS	1,884	1,545	5,773	4,288
DMS	6,365	6,245	18,644	18,747
DPAS	996	-	996	-
	<u>9,245</u>	<u>7,790</u>	<u>25,413</u>	<u>23,035</u>
<b>GP%</b>				
AMS	23%	22%	21%	23%
DMS	9%	8%	9%	9%
DPAS	52%	-	52%	-
	<u>11%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>

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

<b>In S\$'000</b>	<b>3Q-13</b>	<b>3Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
Interest income	25	1	36	7
Rental income	189	234	578	860
Bad debts recovered - non-trade	-	-	-	11
Liabilities written back	26	-	114	-
Others	58	103	112	230
	<u>298</u>	<u>338</u>	<u>840</u>	<u>1,108</u>

**Note 3 Administrative expenses**

The administrative expenses comprise mainly staff cost.

<b>In S\$'000</b>	<b>3Q-13</b>	<b>3Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
<b>Staff Cost</b>				
AMS	1,220	987	4,146	2,674
DMS	2,604	2,406	7,506	7,228
DPAS	226	-	226	-
Management and HQ support staff costs (including Directors' fees)	617	572	1,814	1,492
	<u>4,667</u>	<u>3,965</u>	<u>13,692</u>	<u>11,394</u>

Included in staff cost is share option expense of \$12,000 and \$40,000 in 3Q-13 and YTD-13 respectively (3Q-12: \$11,000 and YTD-12: \$44,000).

With a 20% and 45% increase in AMS revenue in Q3-13 and YTD-13 respectively compared to the corresponding periods in 2012, AMS staff cost had also increased, due to a higher headcount required to support the increased repair volume.

**Note 4 Other operating expenses consist of the following:**

<b>In S\$'000</b>	<b>3Q-13</b>	<b>3Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
Rental expenses	1,584	1,625	4,957	5,060
Depreciation expenses	462	274	1,063	832
Plant and equipment written off	58	120	59	228
Loss (Gain) on disposal of plant and equipment	15	1	16	(23)
Allowance for doubtful trade receivables	63	-	63	-
Allowance for inventories	192	164	451	493
Inventories written off	(5)	-	5	-
Foreign exchange loss	72	9	64	37
	<u>2,441</u>	<u>2,193</u>	<u>6,678</u>	<u>6,627</u>

**Note 5 Finance costs**

Finance costs comprise interest on finance leases and short-term bank borrowings.

**Note 6 Income tax expenses**

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

**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-13	31-Dec-12	30-Sep-13	31-Dec-12
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		20,619	17,620	10,439	9,902
Trade receivables	1	24,353	25,564	3,083	5,240
Other receivables and prepayments	2	7,784	4,186	11,760	14,153
Inventories	3	27,792	22,001	1,353	2,509
<b>Total current assets</b>		<u>80,548</u>	<u>69,371</u>	<u>26,635</u>	<u>31,804</u>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	21,142	14,436
Plant and equipment		4,544	2,843	791	846
Goodwill arising on acquisition		2,994	-	-	-
Other goodwill		2,350	2,350	-	-
<b>Total non-current assets</b>		<u>9,888</u>	<u>5,193</u>	<u>21,933</u>	<u>15,282</u>
<b>Total assets</b>		<u>90,436</u>	<u>74,564</u>	<u>48,568</u>	<u>47,086</u>
<b>Current liabilities</b>					
Short-term bank borrowings		6,900	-	-	-
Trade payables	4	18,540	14,911	2,528	4,175
Other payables	5	10,756	9,099	4,957	2,337
Current portion of finance leases		341	86	71	68
Income tax payable		1,299	1,483	-	-
<b>Total current liabilities</b>		<u>37,836</u>	<u>25,579</u>	<u>7,556</u>	<u>6,580</u>
<b>Non-current liabilities</b>					
Finance leases		910	459	307	360
Deferred tax liabilities		225	225	-	-
<b>Total non-current liabilities</b>		<u>1,135</u>	<u>684</u>	<u>307</u>	<u>360</u>
<b>Capital, reserves and non-controlling interests</b>					
Share capital		135,467	132,856	135,467	132,856
Capital reserve		(859)	(859)	22	22
Share options reserve		1,517	1,548	1,517	1,548
Foreign currency translation reserve		109	168	-	-
Accumulated losses		(85,615)	(85,976)	(96,301)	(94,280)
<b>Equity attributable to owners of the Company</b>		<u>50,619</u>	<u>47,737</u>	<u>40,705</u>	<u>40,146</u>
Non-controlling interests		846	564	-	-
<b>Total equity</b>		<u>51,465</u>	<u>48,301</u>	<u>40,705</u>	<u>40,146</u>
<b>Total liabilities and equity</b>		<u>90,436</u>	<u>74,564</u>	<u>48,568</u>	<u>47,086</u>

## Notes

### 1 Trade receivables

The Group's trade receivables turnover as at 30 September 2013 is 28 days (31 December 2012: 28 days).

### 2 Other receivables and prepayments

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

<b>S\$'000</b>	<b>30-Sep-13</b>	<b>31-Dec-12</b>
Rental deposits	1,846	2,008
Other receivables	3,829	1,856
Related parties	1,590	-
Prepayments	263	187

Other receivables of \$3.8 million as at 30 September 2013 mainly comprised credit notes of \$2.6 million to be received from principals in relation to sell through, advertising and promotion support.

### 3 Inventories

The Group's inventory turnover for the period ended 30 September 2013 is 31 days (31 December 2012: 24 days).

Group's inventories as at 30 September 2013 is \$27.8 million (31 December 2012: \$22.0 million), with the increase in inventory holding mainly due to higher handset purchases towards period end.

### 4 Trade payables

The Group's trade payables turnover as at 30 September 2013 is 21 days (31 December 2012: 19 days).

### 5 Other payables

The Group's other payables consist of the following:

<b>S\$'000</b>	<b>30-Sep-13</b>	<b>31-Dec-12</b>
Advertising, promotion and sell through funds from principals	2,380	2,714
Scheduled deferred payment for acquisition of Pixio	3,217	-
Other payables to third parties	727	698
Accrued staff costs	1,535	1,561
Rebates owing to franchisees	1,009	1,321
Accrued purchases	-	244
Other accrued operating expenses	934	1,227

**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-13		As at 31-Dec-12	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
7,241	-	86	-

**Amount repayable after one year**

As at 30-Sep-13		As at 31-Dec-12	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
910	-	459	-

**Details of collateral**

The secured borrowings comprise of:

- (a) Outstanding finance lease of \$1.3 million on certain motor vehicles and machinery.
- (b) Loans in the form of trust receipts and are guaranteed by Company.

**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**

<b>In S\$'000</b>	<b>3Q-13</b>	<b>3Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
<b>Operating activities</b>				
Profit before income tax	1,284	955	2,907	3,650
Adjustments for:				
Depreciation expenses	462	274	1,063	832
Interest expenses	39	8	66	24
Interest income	(25)	(1)	(36)	(7)
Loss (Gain) on disposal of plant and equipment	15	1	16	(23)
Plant and equipment written off	58	120	59	228
Allowance for inventories	192	164	451	493
Inventories written off	(5)	-	5	-
Allowance for doubtful trade receivables	63	-	63	-
Employee share-based payments	12	11	40	44
Liabilities written back	(26)	-	(114)	-
Net foreign exchange (gains) losses	(62)	2	(58)	3
<b>Operating cash flows before movements in working capital</b>	<b>2,007</b>	<b>1,534</b>	<b>4,462</b>	<b>5,244</b>
Trade receivables	706	(3,997)	4,033	(1,516)
Other receivables and prepayments	(1,954)	(914)	(3,444)	(2,181)
Inventories	(3,787)	(1,923)	(5,824)	(7,310)
Trade payables	(1,023)	1,021	3,060	959
Other payables	61	1,980	(1,774)	(314)
<b>Cash generated (used in) from operations</b>	<b>(3,990)</b>	<b>(2,299)</b>	<b>513</b>	<b>(5,118)</b>
Interest received	25	1	36	7
Income tax paid	(399)	(374)	(784)	(560)
<b>Net cash used in operating activities</b>	<b>(4,364)</b>	<b>(2,672)</b>	<b>(235)</b>	<b>(5,671)</b>
<b>Investing activities</b>				
Proceeds from disposal of plant and equipment	63	2	63	124
Purchase of plant and equipment	(1,218)	(417)	(1,751)	(941)
Cash contribution from non-controlling interests	249	-	249	-
Net cash outflows on acquisition of subsidiary (Note A)	(2,571)	-	(2,571)	-
<b>Net cash used in investing activities</b>	<b>(3,477)</b>	<b>(415)</b>	<b>(4,010)</b>	<b>(817)</b>
<b>Financing activities</b>				
Interest paid	(39)	(8)	(66)	(24)
Cash pledged	-	2,000	-	2,000
Proceeds from issuance of ordinary shares	382	1,517	2,569	7,076
Proceeds from bank borrowings	4,100	-	6,900	-
Repayment of obligations under finance leases	(145)	(20)	(188)	(60)
Dividends paid to shareholders of parent company	-	-	(2,017)	(2,076)
<b>Net cash from financing activities</b>	<b>4,298</b>	<b>3,489</b>	<b>7,198</b>	<b>6,916</b>
Net (decrease) increase in cash and cash equivalents	(3,543)	402	2,953	428
Cash and cash equivalents at beginning of period	24,116	12,804	17,620	12,778
<b>Cash and cash equivalents at end of period</b>	<b>20,573</b>	<b>13,206</b>	<b>20,573</b>	<b>13,206</b>

## Notes

### **A. Acquisition of subsidiary**

On 1 July 2013, the Group acquired 100% of the issued share capital of Pixio for cash consideration of \$6.45 million. Pixio is incorporated in Malaysia and is in the business of providing design and digital inkjet printing solutions for Point Of Sale and OOH advertisements.

Assets acquired and liabilities assumed at the date of acquisition were as follows:

<b>In S\$'000</b>	<b>3Q-13</b>	<b>3Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
Assets	5,352	-	5,352	-
Liabilities	(1,898)	-	(1,898)	-
Net assets acquired	<u>3,454</u>	-	<u>3,454</u>	-
Total purchase consideration	<u>6,448</u>	-	<u>6,448</u>	-
Goodwill arising on acquisition	<u>2,994</u>	-	<u>2,994</u>	-
Cash consideration	6,448	-	6,448	-
Less: Outstanding balance	(3,217)	-	(3,217)	-
Cash and cash balances acquired	<u>(660)</u>	-	<u>(660)</u>	-
Cash outflows on acquisition	<u>2,571</u>	-	<u>2,571</u>	-

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

<b>In S\$'000</b>	<b>3Q-13</b>	<b>3Q-12</b>
Cash	20,619	13,206
Less: Cash pledged	<u>(46)</u>	<u>-</u>
Cash and cash equivalents	<u>20,573</u>	<u>13,206</u>



1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

<u>In S\$'000</u> Group	<u>Share capital</u>	<u>Capital reserve</u>	<u>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>
<b>Balance as at 1 January 2013</b>	132,856	(859)	1,548	168	(85,976)	47,737	564	48,301
Total comprehensive income for the period	-	-	-	-	841	841	21	862
Reversal of expenses related to equity settled share-based payment	-	-	(29)	-	29	-	-	-
Issue of shares upon conversion of warrants	813	-	-	-	-	813	-	813
Recognition of share-based payments	-	-	15	-	-	15	-	15
<b>Balance as at 31 March 2013</b>	<u>133,669</u>	<u>(859)</u>	<u>1,534</u>	<u>168</u>	<u>(85,106)</u>	<u>49,406</u>	<u>585</u>	<u>49,991</u>
Total comprehensive income for the period	-	-	-	3	489	492	13	505
Dividends	-	-	-	-	(2,017)	(2,017)	-	(2,017)
Issue of shares upon share options exercised	153	-	(42)	-	-	111	-	111
Issue of shares upon conversion of warrants	793	-	-	-	-	793	-	793
Issue of shares for settlement of professional fees	470	-	-	-	-	470	-	470
Recognition of share-based payments	-	-	13	-	-	13	-	13
<b>Balance as at 30 June 2013</b>	<u>135,085</u>	<u>(859)</u>	<u>1,505</u>	<u>171</u>	<u>(86,634)</u>	<u>49,268</u>	<u>598</u>	<u>49,866</u>
Total comprehensive income for the period	-	-	-	(62)	1,019	957	(1)	956
Issue of shares upon conversion of warrants	382	-	-	-	-	382	-	382
Non-controlling interests arising from incorporation of subsidiary	-	-	-	-	-	-	249	249
Recognition of share-based payments	-	-	12	-	-	12	-	12
<b>Balance as at 30 September 2013</b>	<u><u>135,467</u></u>	<u><u>(859)</u></u>	<u><u>1,517</u></u>	<u><u>109</u></u>	<u><u>(85,615)</u></u>	<u><u>50,619</u></u>	<u><u>846</u></u>	<u><u>51,465</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 the</u>	<u>Non-controlling interests</u>	<u>Total</u>
<b>Balance as at 1 January 2012</b>	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
<b>Balance as at 31 March 2012</b>	<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
<b>Balance as at 30 June 2012</b>	<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
<b>Balance as at 30 September 2012</b>	<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>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
<b>Company</b>					
<b>Balance as at 1 January 2013</b>	132,856	22	1,548	(94,280)	40,146
Total comprehensive income for the period	-	-	-	(41)	(41)
Reversal of expenses related to equity settled share-based payments	-	-	(29)	29	-
Issue of shares upon conversion of warrants	813	-	-	-	813
Recognition of share-based payments	-	-	15	-	15
<b>Balance as at 31 March 2013</b>	<u>133,669</u>	<u>22</u>	<u>1,534</u>	<u>(94,292)</u>	<u>40,933</u>
Total comprehensive income for the period	-	-	-	2	2
Dividends	-	-	-	(2,017)	(2,017)
Issue of shares upon share options exercised	153	-	(42)	-	111
Issue of shares upon conversion of warrants	793	-	-	-	793
Issue of shares for settlement of professional fees	470	-	-	-	470
Recognition of share-based payments	-	-	13	-	13
<b>Balance as at 30 June 2013</b>	<u>135,085</u>	<u>22</u>	<u>1,505</u>	<u>(96,307)</u>	<u>40,305</u>
Total comprehensive income for the period	-	-	-	6	6
Issue of shares upon conversion of warrants	382	-	-	-	382
Recognition of share-based payments	-	-	12	-	12
<b>Balance as at 30 September 2013</b>	<u><u>135,467</u></u>	<u><u>22</u></u>	<u><u>1,517</u></u>	<u><u>(96,301)</u></u>	<u><u>40,705</u></u>
<b>Balance as at 1 January 2012</b>	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
<b>Balance as at 31 March 2012</b>	<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
<b>Balance as at 30 June 2012</b>	<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
<b>Balance as at 30 September 2012</b>	<u><u>129,291</u></u>	<u><u>22</u></u>	<u><u>1,536</u></u>	<u><u>(96,605)</u></u>	<u><u>34,244</u></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-13, the Company issued an additional 76,498,000 new ordinary shares at \$0.005 per share through conversion of 76,498,000 warrants.

As a result, the Company's issued and paid-up capital increased to \$135,467,303 divided into 8,900,787,673 shares as at 30 September 2013.

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.

**Warrants**

At 30 September 2013, there were 3,842,888,195 (30 September 2012: 4,953,577,927) 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. The Scheme expired on 12 January 2013. Upon expiration of the Scheme, no further share option can be granted but the provisions of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration.

At 30 September 2013, there were 53,832,133 (30 September 2012: 53,194,274) outstanding share options which would entitle the holders to subscribe for a total of 53,832,133 (30 September 2012: 53,194,274) ordinary shares.

The 53,832,133 share options outstanding at 30 September 2013 are approximately 0.60% of the share capital consisting of 8,900,787,673 issued shares at 30 September 2013.

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

	<b>Number of ordinary shares</b>	
	<b>30-Sep-13</b>	<b>31-Dec-12</b>
Issued and paid up	<u>8,900,787,673</u>	<u>8,446,831,386</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 2012.

**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 2013, 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**

<b>Earnings per ordinary share</b> <i>(based on consolidated net profit attributable to equity holders of the Company)</i>	<b>3Q-13</b> <b>cents</b>	<b>3Q-12</b> <b>cents</b>	<b>YTD-13</b> <b>cents</b>	<b>YTD-12</b> <b>cents</b>
- Basic	0.012	0.011	0.027	0.043
- Fully diluted	<u>0.009</u>	<u>0.008</u>	<u>0.020</u>	<u>0.030</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 8,766,342,122 (3Q-12: 7,252,462,815).

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 11,602,109,915 (3Q-12: 10,380,238,691).

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30-Sep-13</b>	<b>31-Dec-12</b>	<b>30-Sep-13</b>	<b>31-Dec-12</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Net Asset Value ("NAV") per share	<u>0.57</u>	<u>0.57</u>	<u>0.46</u>	<u>0.48</u>

The NAV per share as at 30 September 2013 is calculated based on 8,900,787,673 (31 December 2012: 8,446,831,386) 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 quarter-on-quarter increased by 2% from \$81.0 million to \$82.9 million, with a 9% increase year-on-year from \$224.5 million to \$243.7 million. The increase in revenue was mainly due to higher contributions from its AMS businesses and consolidation of the DPAS division. For year-to-date revenue, the increase was mainly due to higher revenue contribution from retail, prepaid-cards and distribution businesses.

The Group's gross profit margins quarter-on-quarter increased by 1% due to consolidation of the DPAS business, which commands a higher profit margin. Year-on-year gross margins remained unchanged at 10%.

Consolidation of profits from the DPAS business has contributed to the Group's higher net profits from \$0.8 million to \$1.0 million quarter-on-quarter.

Due to higher operating expenses, in particular higher manpower costs, net profits for the Group declined by 25% from \$3.2 million to \$2.4 million year-on-year.

**Cash flows**

The Group has deficit cash from operations for the current quarter primarily due to higher working capital needs.

As at 30 September 2013, the Group's working capital decreased by \$1.1 million to \$42.7 million, compared to \$43.8 million as at 31 December 2012, mainly due to cash payments made towards the acquisition of Pixio.

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 completed the acquisition of Pixio on 1 July 2013. The consolidation of Pixio has resulted in the addition of a strong business pillar in the Group's businesses. Pixio, with its promising growth potential and coupled with its relatively higher profit margins, will allow the Group to diversify its concentration from the highly competitive mobile industry.

The Group's DMS business continue to face margin pressures in the competitive mobile distribution and retail businesses. Nonetheless, the DMS business continues to remain resilient.

The Group has also completed the first stage of its acquisition of the business and assets of Shenzhen Quanli Leather Co., Ltd. (Quanli SZ) and Quanli (Hong Kong) Leather Company (Quanli HK) on 28 October 2013, which comprises of the purchase of the customers list of Quanli HK and the execution of a Distribution Agreement with Quanli SZ and Quanli HK for the exclusive distribution of products manufactured by Quanli SZ. Revenue contributions from the Distribution Agreement are expected to be realised from November 2013 onwards.

MDR Myanmar Co., Ltd. (MDR Myanmar), the Group's joint venture company in Myanmar, commenced operations in late August 2013. The Myanmar operations continue to be affected by a lack of supply of SIM cards. However, with the Myanmar Government awarding 2 telecom licences to foreign operators Telenor and Oredoo,

our Myanmar operations has a good growth potential, in tandem with these 2 operators becoming fully operational in the near future.

Barring unforeseen circumstances, the Group is cautiously optimistic that it will continue to register positive results for the coming quarter.

**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/recommended, a statement to that effect**

No dividend has been declared or recommend 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	326	-
Mr Tham Khai Wor - Introducer fee for Pixio - Advisory fee	97 24	- -
<b>Total</b>	<b>447</b>	<b>-</b>

**14. Use of proceeds**

The following sets out the status of the use of proceeds from the conversion of warrants pursuant to the renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011.

	S\$'000
Balance of proceeds as at 1 July 2013	2,941
Proceeds received for the period	382
Balance of proceeds as at 30 Sep 2013	<u>3,323</u>

The use of proceeds is in accordance with the intended use of the net proceeds as described in the Offer Information Statement dated 1 September 2011.

**BY ORDER OF THE BOARD**

**Ong Ghim Choon**  
**Chief Executive Officer**  
**8 November 2013**



**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 2013 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 2013