



MDR Limited

mDR Limited

First Quarter Financial Statements for the Period Ended 31 March 2014

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	Q1-14	Q1-13	Inc/(Dec) %
<b>Revenue</b>	1	85,322	81,916	4%
Cost of sales	1	<u>(77,082)</u>	<u>(73,674)</u>	5%
<b>Gross profit</b>	1	8,240	8,242	0%
Other income	2	308	304	1%
Administrative expenses	3	(5,808)	(5,503)	6%
Other operating expenses	4	(2,534)	(2,012)	26%
Finance costs	5	<u>(45)</u>	<u>(13)</u>	246%
Total expenses		<u>(8,387)</u>	<u>(7,528)</u>	11%
<b>Operating profit before amortisation expense and income tax</b>		<u>161</u>	<u>1,018</u>	-84%
Amortisation expense	6	<u>(249)</u>	<u>-</u>	N.M.
<b>(Loss) Profit for the period</b>		<u>(88)</u>	<u>1,018</u>	-109%
Income tax expense	7	<u>(80)</u>	<u>(156)</u>	-49%
<b>(Loss) Profit for the period</b>		<u>(168)</u>	<u>862</u>	-119%
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from consolidation		<u>76</u>	<u>-</u>	N.M.
<b>Other comprehensive income for the period, net of tax</b>		<u>76</u>	<u>-</u>	N.M.
<b>Total comprehensive (loss) income for the period</b>		<u><u>(92)</u></u>	<u><u>862</u></u>	-111%
<b>Profit attributable to:</b>				
Owners of the Company		81	841	-90%
Non-controlling interests		<u>(249)</u>	<u>21</u>	-1286%
<b>Total comprehensive (loss) income</b>		<u><u>(168)</u></u>	<u><u>862</u></u>	-119%
<b>Total comprehensive (loss) income attributable to:</b>				
Owners of the Company		157	841	-81%
Non-controlling interests		<u>(249)</u>	<u>21</u>	-1286%
		<u><u>(92)</u></u>	<u><u>862</u></u>	-111%

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

The DMS business segment in 1Q-14 includes transactions from the Group's wholly-owned subsidiary Shenzhen Quanli Leather (S) Pte. Ltd ("Quanli Singapore") arising from the purchase of the customer list of Quanli (Hong Kong) Leather Company, and from consolidation of Golden Myanmar Sea Company Ltd and Golden Myanmar Sea (S) Pte Ltd ("GMS group").

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

In S\$'000	Q1-14	Q1-13
<b>Revenue</b>		
AMS	7,165	11,257
DMS	76,604	70,659
DPAS	1,553	-
	<u>85,322</u>	<u>81,916</u>
<b>Cost of Goods Sold and Spare Parts</b>		
AMS	(5,467)	(9,114)
DMS	(70,788)	(64,560)
DPAS	(827)	-
	<u>(77,082)</u>	<u>(73,674)</u>
<b>Gross Profit</b>		
AMS	1,698	2,143
DMS	5,816	6,099
DPAS	726	-
	<u>8,240</u>	<u>8,242</u>
<b>GP%</b>		
AMS	24%	19%
DMS	8%	9%
DPAS	47%	-
	<u>10%</u>	<u>10%</u>

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

In S\$'000	Q1-14	Q1-13
Interest income	6	8
Rental income	154	197
Liabilities written back	51	68
Others	97	31
	<u>308</u>	<u>304</u>

### Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q1-14	Q1-13
<b><u>Staff Cost</u></b>		
AMS	1,366	1,621
DMS	2,482	2,336
DPAS	220	-
Management and HQ support staff costs (including Directors' fees)	636	601
	<u>4,704</u>	<u>4,558</u>

Included in staff cost is share option expense of \$13,000 (1Q-13: \$15,000).

With a 36% decrease in AMS revenue in 1Q-14 compared to 1Q-13, AMS staff costs had also decreased, due to lower headcount required to support the operations.

The increase in DMS's staff cost was partly due to additional staff costs arising from the consolidation of Golden Myanmar Sea Company Ltd and Golden Myanmar Sea (S) Pte Ltd into the Group's results. 1Q-13 DMS staff costs were also relatively lower due to reversal of un-utilised bonus provisions.

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

In S\$'000	Q1-14	Q1-13
Rental expenses	1,785	1,655
Depreciation expenses	464	293
Plant and equipment written off	6	-
Loss (Gain) on disposal of plant and equipment	5	2
Allowance for inventories	245	67
Foreign currency exchange (gain) loss	29	(5)
	<u>2,534</u>	<u>2,012</u>

The increases in depreciation expenses in 1Q-14 were mainly due to inclusion of DPAS unit.

Higher stock provision in 1Q-14 compared to 1Q-13 was due to an increase in the overall general stock provision amount to build a higher buffer against price erosions for handset inventory. 1Q-13 stock provision was also lower than normal levels due to the reversal of excess and un-required stock provision amount of \$122,000.

**Note 5** Finance costs

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

The finance costs in 1Q-14 have increased as a result of new bank borrowings during the period and finance costs arising from finance leases under DPAS being consolidated into the group.

**Note 6** Amortisation expense

The amortisation expenses relate to the Group's purchased customers list of Quanli (Hong Kong) Leather Company, which is amortised over a period of 38 months.

**Note 7** Income tax expenses

The tax expense provision is calculated for profitable subsidiaries.

**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-14	31-Dec-13	31-Mar-14	31-Dec-13
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		18,013	18,501	5,484	5,292
Trade receivables	1	21,141	28,101	2,014	3,154
Other receivables and prepayments	2	8,282	5,708	17,066	17,587
Inventories	3	22,767	24,528	992	1,222
<b>Total current assets</b>		<u>70,203</u>	<u>76,838</u>	<u>25,556</u>	<u>27,255</u>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	21,142	21,142
Plant and equipment		4,284	4,601	673	731
Goodwill		5,344	5,344	-	-
Intangible asset		2,719	2,916	-	-
<b>Total non-current assets</b>		<u>12,347</u>	<u>12,861</u>	<u>21,815</u>	<u>21,873</u>
<b>Total assets</b>		<u>82,550</u>	<u>89,699</u>	<u>47,371</u>	<u>49,128</u>
<b>Current liabilities</b>					
Short-term bank borrowings		2,500	4,000	-	-
Trade payables	4	14,828	18,811	1,491	2,678
Other payables	5	9,907	11,595	3,320	3,851
Current portion of finance leases		452	432	72	71
Income tax payable		772	882	-	-
<b>Total current liabilities</b>		<u>28,459</u>	<u>35,720</u>	<u>4,883</u>	<u>6,600</u>
<b>Non-current liabilities</b>					
Finance leases		1,174	1,225	270	289
Deferred tax liabilities		206	206	-	-
<b>Total non-current liabilities</b>		<u>1,380</u>	<u>1,431</u>	<u>270</u>	<u>289</u>
<b>Capital, reserves and non-controlling interests</b>					
Share capital		136,115	135,873	136,115	135,873
Capital reserve		(859)	(859)	22	22
Share options reserve		1,541	1,538	1,541	1,538
Foreign currency translation reserve		176	100	-	-
Accumulated losses		(84,498)	(84,589)	(95,460)	(95,194)
<b>Equity attributable to owners of the Company</b>		<u>52,475</u>	<u>52,063</u>	<u>42,218</u>	<u>42,239</u>
Non-controlling interests		236	485	-	-
<b>Total equity</b>		<u>52,711</u>	<u>52,548</u>	<u>42,218</u>	<u>42,239</u>
<b>Total liabilities and equity</b>		<u>82,550</u>	<u>89,699</u>	<u>47,371</u>	<u>49,128</u>

## Notes

### 1 Trade receivables

The Group's trade receivables turnover as at 31 March 2014 is 26 days (31 December 2013: 28 days).

### 2 Other receivables and prepayments

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

<b>S\$'000</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
Rental deposits	2,133	2,119
Other receivables	5,201	2,944
Prepayments	407	358

Other receivables of \$5.2 million as at 31 March 2014 mainly comprised credit notes of \$3.4 million to be received from principals in relation to sell through, advertising and promotion support, and payments made on behalf of a manufacturer of \$1.1 million.

### 3 Inventories

The Group's inventory turnover for the quarter ended 31 March 2014 is 28 days (31 December 2013: 27 days).

Efforts made by the Group to trim its handset inventory levels were evidenced by the decline in the Group inventories of \$22.8 million as at 31 March 2014 compared to \$24.5 million as at 31 December 2013.

### 4 Trade payables

The Group's trade payables turnover as at 31 March 2014 is 20 days (31 December 2013: 19 days).

### 5 Other payables

The Group's other payables consist of the following:

<b>S\$'000</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
Advertising, promotion and sell through funds from principals	2,011	2,399
Scheduled deferred payment for acquisition of Pixio	2,521	3,145
Other payables to third parties	739	769
Accrued staff costs	994	1,065
Rebates owing to franchisees	1,019	1,529
Other accrued operating expenses	938	1,008

**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-14		As at 31-Dec-13	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
452	2,500	432	4,000

**Amount repayable after one year**

As at 31-Mar-14		As at 31-Dec-13	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,174	-	1,225	-

**Details of collateral**

The secured borrowings comprise of outstanding finance lease of \$1.6 million on certain motor vehicles and machinery.

**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	Q1-14	Q1-13
<b>Operating activities</b>		
Profit before income tax	(88)	1,018
Adjustments for:		
Depreciation expense	464	293
Amortisation expense	249	-
Interest expense	45	13
Interest income	(6)	(8)
Loss on disposal of plant and equipment	5	2
Plant and equipment written off	6	-
Allowance for inventories	245	67
Professional fees paid by shares	100	-
Share-based payments	13	15
Liabilities written back	(51)	(68)
Net foreign exchange loss	22	-
<b>Operating cash flows before movements in working capital</b>	<b>1,004</b>	<b>1,332</b>
Trade receivables	6,960	1,644
Other receivables and prepayments	(2,574)	(1,118)
Inventories	1,516	(1,871)
Trade payables	(3,983)	1,744
Other payables	(1,618)	(1,706)
<b>Cash generated from operations</b>	<b>1,305</b>	<b>25</b>
Interest received	6	8
Income tax (paid) refund	(190)	91
<b>Net cash from operating activities</b>	<b>1,121</b>	<b>124</b>
<b>Investing activities</b>		
Proceeds from disposal of plant and equipment	37	-
Purchase of plant and equipment (Note A)	(117)	(164)
<b>Net cash used in investing activities</b>	<b>(80)</b>	<b>(164)</b>
<b>Financing activities</b>		
Interest paid	(45)	(13)
Proceeds from issuance of ordinary shares, net	142	813
Repayment of obligations under finance leases	(107)	(21)
Dividends paid to non-controlling interest	(19)	-
Repayment of bank borrowings	(1,500)	-
<b>Net cash (used in) generated from financing activities</b>	<b>(1,529)</b>	<b>779</b>
Net increase (decrease) in cash and cash equivalents	(488)	739
Cash and cash equivalents at beginning of period	18,455	17,620
<b>Cash and cash equivalents at end of period</b>	<b>17,967</b>	<b>18,359</b>

**Notes**

**A. Purchase of plant and equipment:**

During the period, the Group acquired plant and equipment with an aggregate cost of \$192,000 (1Q-13: \$164,000) of which \$75,000 (1Q-13: \$Nil) was acquired under finance lease arrangements.

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

In S\$'000	Q1-14	Q1-13
Cash	18,013	18,359
Less: Cash pledged	(46)	-
Cash and cash equivalents	<b>17,967</b>	<b>18,359</b>

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 the</u>	<u>Non-controlling interests</u>	<u>Total</u>
<b>Balance as at 1 January 2014</b>	135,873	(859)	1,538	100	(84,589)	52,063	485	52,548
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	81	81	(249)	(168)
Other comprehensive income for the period	-	-	-	76	-	76	-	76
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>81</u>	<u>157</u>	<u>(249)</u>	<u>(92)</u>
<b>Transactions with owners, recognised directly in equity</b>								
Reversal of expenses related to equity settled share-based payment	-	-	(10)	-	10	-	-	-
Issue of shares upon conversion of warrants	142	-	-	-	-	142	-	142
Issue of shares for settlement of professional fees	100	-	-	-	-	100	-	100
Recognition of share-based payments	-	-	13	-	-	13	-	13
<b>Total</b>	<u>242</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>10</u>	<u>255</u>	<u>-</u>	<u>255</u>
<b>Balance as at 31 March 2014</b>	<u>136,115</u>	<u>(859)</u>	<u>1,541</u>	<u>176</u>	<u>(84,498)</u>	<u>52,475</u>	<u>236</u>	<u>52,711</u>
<b>Balance as at 1 January 2013</b>	132,856	(859)	1,548	168	(85,976)	47,737	564	48,301
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	841	841	21	862
Other comprehensive income for the period	-	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>841</u>	<u>841</u>	<u>21</u>	<u>862</u>
<b>Transactions with owners, recognised directly in equity</b>								
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>Total</b>	<u>813</u>	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>29</u>	<u>828</u>	<u>-</u>	<u>828</u>
<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>



<u>In S\$'000</u> Company	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Currency translation reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
<b>Balance as at 1 January 2014</b>	135,873	22	1,538	-	(95,194)	42,239
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(276)	(276)
<b>Transactions with owners, recognised directly in equity</b>						
Reversal of expenses related to equity settled share-based payment	-	-	(10)	-	10	-
Issue of shares upon conversion of warrants	142	-	-	-	-	142
Issue of shares for settlement of professional fees	100	-	-	-	-	100
Recognition of share-based payments	-	-	13	-	-	13
<b>Total</b>	<u>242</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>10</u>	<u>255</u>
<b>Balance as at 31 March 2014</b>	<u><u>136,115</u></u>	<u><u>22</u></u>	<u><u>1,541</u></u>	<u><u>-</u></u>	<u><u>(95,460)</u></u>	<u><u>42,218</u></u>
<b>Balance as at 1 January 2013</b>	132,856	22	1,548	-	(94,280)	40,146
Profit for the period, representing total comprehensive profit for the period	-	-	-	-	(41)	(41)
<b>Transactions with owners, recognised directly in equity</b>						
Reversal of expenses related to equity settled share-based payment	-	-	(29)	-	29	-
Issue of shares upon conversion of warrants	813	-	-	-	-	813
Recognition of share-based payments	-	-	15	-	-	15
<b>Total</b>	<u>813</u>	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>29</u>	<u>828</u>
<b>Balance as at 31 March 2013</b>	<u><u>133,669</u></u>	<u><u>22</u></u>	<u><u>1,534</u></u>	<u><u>-</u></u>	<u><u>(94,292)</u></u>	<u><u>40,933</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 1Q-14, the Company issued an additional 37,451,909 new ordinary shares as follows:

- a) 28,361,000 ordinary shares at \$0.005 per share through conversion of warrants.
- b) 9,090,909 ordinary shares at \$0.011 per share for settlement of professional fees.

As at 31 March 2014, the Company's issued shares and paid-up capital increased to 9,019,343,582 and \$136,114,537 respectively.

In 1Q-13, the Company issued an additional 162,597,996 new ordinary shares at \$0.005 per share through conversion of 162,597,996 warrants.

**Warrants**

At 31 March 2014, there were 3,733,423,195 (31 March 2013: 4,077,936,931) 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 31 March 2014, there were 53,332,133 (31 March 2013: 72,277,274) outstanding share options which would entitle the holders to subscribe for a total of 53,332,133 (31 March 2013: 72,277,274) ordinary shares.

The 53,332,133 share options outstanding at 31 March 2014 are approximately 0.59% of the share capital consisting of 9,019,343,582 issued shares at 31 March 2014.

**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>31-Mar-14</b>	<b>31-Dec-13</b>
Issued and paid up	<u>9,019,343,582</u>	<u>8,981,891,673</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 2013.

**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 2014, 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>Q1-14</b> <b>Cents</b>	<b>Q1-13</b> <b>Cents</b>
- Basic	0.001	0.010
- Fully diluted	<u>0.001</u>	<u>0.007</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 9,011,756,169 (1Q-13: 8,598,531,559).

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 10,768,282,169 (1Q-13: 11,596,145,029).

**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>31-Mar-14</b> <b>Cents</b>	<b>31-Dec-13</b> <b>Cents</b>	<b>31-Mar-14</b> <b>Cents</b>	<b>31-Dec-13</b> <b>Cents</b>
Net Asset Value ("NAV") per share	<u>0.58</u>	<u>0.58</u>	<u>0.47</u>	<u>0.47</u>

The NAV per share as at 31 March 2014 is calculated based on 9,019,343,582 (31 December 2013: 8,981,891,673) 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-14 increased by 4% from \$81.9 million to \$85.3 million, due to higher contributions from its prepaid cards and distribution businesses, and consolidation of the DPAS division. Revenue generated from AMS operations however registered a 36% decline to \$7.2 million in 1Q-14 compared to 1Q-13 in view of the lower handset repair volume.

In view of the relatively lower gross margin for the handset repair business compared to the other repair revenues of the AMS business, the decline in the handset repair revenue resulted in an overall improvement in the AMS gross margin from 19% to 24% quarter on quarter. Gross margin for DMS declined by 1% from 9% to 8%, due to competitive pricing in the mobile distribution and retail businesses. The Group's overall gross profit margin for 1Q-14 remained unchanged at 10%, with the inclusion of the higher-margin DPAS and AMS operations compensating for the decline in DMS gross margin.

Although the Group had registered higher revenues quarter on quarter, gross profits remained flat at \$8.24 million. The inclusion of DPAS gross profits of \$0.7 million had mitigated the decline in AMS and DMS gross profits arising from the lower AMS revenue and decline in DMS gross profit margin of 1% respectively.

Overall operating expenses of the Group increased by 15% quarter on quarter from \$7.5 million to \$8.6 million, with the increase mainly attributed to additional expenses of about \$0.9 million arising from the consolidation of DPAS, Quanli Singapore and the GMS group.

As the overall gross profits of the Group remained flat at \$8.24 million, the higher operating expenses had resulted in the Group registering a pre-tax loss of \$0.09 million for 1Q-14, compared to pre-tax profits of \$1 million in 1Q-13. Included in the operating expenses of \$8.6 million is a non-cash and non-operating expense of \$0.25 million arising from the amortization of the customer list under Quanli Singapore. Excluding this amortization charge, the Group would have registered pre-tax profits of \$0.16 million in 1Q-14.

- 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 continues to face intense margin pressures in its highly competitive DMS business in the saturated and matured mobile phone market in Singapore, in particular the retail segment. High rental and staff costs, coupled with a manpower shortage, continue to be key challenges for the Group. A review of the various aspects of the DMS business at both the macro and micro levels is being carried out, including a greater engagement with the operators and manufacturers, in order to improve the revenue and profit contributions from this segment of its business.

The DPAS segment is a promising and growing business segment for the Group, and as efforts made to broaden its product and customer mix bear results in the coming quarters, we expect DPAS to become one of the key contributors to the Group's bottomline.

Pending the full scale rollout of telecommunication services by the two foreign operators Telenor and Ooredoo towards early 2015, our Myanmar operations remained slow, but we will continue to be fully invested in Myanmar, and our prospects in this segment of the business are expected to grow in tandem with the overall economic development of Myanmar in future.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared or recommended for the period.

**13. Interested Person Transactions**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	\$'000	\$'000
Pacific Organisation Pte Ltd - Rental expenses	109	-
Mr Tham Khai Wor - Advisory fee	24	-
- Others	3	-
Total	136	-

**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 January 2014	726
Proceeds received for the period	<u>142</u>
Balance of proceeds as at 31 March 2014	<u>868</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**

**13 May 2014**

**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 2014 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, 13 May 2014