



mDR Limited

**Second Quarter Financial Statements for the Period Ended 30 June 2015**

**1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

In S\$'000	Notes	2Q-15	2Q-14	Inc/(Dec) %	YTD-15	YTD-14	Inc/(Dec) %
<b>Revenue</b>	1	78,544	66,557	18%	153,403	151,879	1%
Cost of sales	1	<u>(71,007)</u>	<u>(58,786)</u>	21%	<u>(138,392)</u>	<u>(135,868)</u>	2%
<b>Gross profit</b>	1	7,537	7,771	-3%	15,011	16,011	-6%
Other income	2	250	125	100%	580	433	34%
Administrative expenses	3	(5,309)	(5,319)	0%	(10,304)	(11,127)	-7%
Other operating expenses	4	(1,738)	(2,459)	-29%	(3,680)	(4,993)	-26%
Finance costs	5	<u>(29)</u>	<u>(60)</u>	-52%	<u>(80)</u>	<u>(105)</u>	-24%
Total expenses		<u>(7,076)</u>	<u>(7,838)</u>	-10%	<u>(14,064)</u>	<u>(16,225)</u>	-13%
<b>Operating profit before amortisation expense, share of losses of associate and income tax</b>		<u>711</u>	<u>58</u>	1126%	<u>1,527</u>	<u>219</u>	597%
Amortisation expense	6	-	(246)	N.M.	-	(495)	N.M.
Share of losses of associate		<u>(9)</u>	<u>-</u>	N.M.	<u>(9)</u>	<u>-</u>	N.M.
<b>Profit (Loss) before income tax</b>		702	(188)	473%	1,518	(276)	650%
Income tax credit (expense)	7	<u>7</u>	<u>(91)</u>	108%	<u>(75)</u>	<u>(171)</u>	-56%
<b>Profit (Loss) for the period</b>		<u>709</u>	<u>(279)</u>	354%	<u>1,443</u>	<u>(447)</u>	423%
<b>Other comprehensive income</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Currency translation differences arising on consolidation		<u>(3)</u>	<u>33</u>	-109%	<u>(207)</u>	<u>109</u>	-290%
<b>Other comprehensive (loss) profit for the period, net of tax</b>		<u>(3)</u>	<u>33</u>	-109%	<u>(207)</u>	<u>109</u>	-290%
<b>Total comprehensive income (loss) for the period</b>		<u><u>706</u></u>	<u><u>(246)</u></u>	387%	<u><u>1,236</u></u>	<u><u>(338)</u></u>	466%
<b>Profit (Loss) attributable to:</b>							
Owners of the Company		964	(110)	976%	1,648	(29)	5783%
Non-controlling interests		<u>(255)</u>	<u>(169)</u>	-51%	<u>(205)</u>	<u>(418)</u>	-51%
<b>Total comprehensive income (loss)</b>		<u><u>709</u></u>	<u><u>(279)</u></u>	354%	<u><u>1,443</u></u>	<u><u>(447)</u></u>	423%
<b>Total comprehensive income (loss) attributable to:</b>							
Owners of the Company		931	(85)	1195%	1,459	72	1926%
Non-controlling interests		<u>(225)</u>	<u>(161)</u>	40%	<u>(223)</u>	<u>(410)</u>	-46%
		<u><u>706</u></u>	<u><u>(246)</u></u>	387%	<u><u>1,236</u></u>	<u><u>(338)</u></u>	466%

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

In S\$'000	2Q-15	2Q-14	YTD-15	YTD-14
<b>Revenue</b>				
AMS	5,118	4,826	9,762	11,991
DMS	71,799	59,705	140,245	136,309
DPAS	1,627	2,026	3,396	3,579
	<u>78,544</u>	<u>66,557</u>	<u>153,403</u>	<u>151,879</u>
<b>Cost of goods sold and spare parts</b>				
AMS	(3,543)	(3,374)	(6,748)	(8,841)
DMS	(66,445)	(54,348)	(129,669)	(125,136)
DPAS	(1,019)	(1,064)	(1,975)	(1,891)
	<u>(71,007)</u>	<u>(58,786)</u>	<u>(138,392)</u>	<u>(135,868)</u>
<b>Gross profit</b>				
AMS	1,575	1,452	3,014	3,150
DMS	5,354	5,357	10,576	11,173
DPAS	608	962	1,421	1,688
	<u>7,537</u>	<u>7,771</u>	<u>15,011</u>	<u>16,011</u>
<b>GP%</b>				
AMS	31%	30%	31%	26%
DMS	7%	9%	8%	8%
DPAS	37%	47%	42%	47%
	<u>10%</u>	<u>12%</u>	<u>10%</u>	<u>11%</u>

\* DPAS business segment in 2Q-15 and YTD-15 includes consolidation of a wholly-owned subsidiary Pixio Myanmar Co. Ltd (“Pixio Myanmar”).

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

In S\$'000	2Q-15	2Q-14	YTD-15	YTD-14
Interest income	27	8	53	14
Rental income	58	90	126	244
Bad debts recovered - trade	-	-	3	-
Liabilities written back	1	10	17	61
Others	164	17	381	114
	<u>250</u>	<u>125</u>	<u>580</u>	<u>433</u>

### Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	2Q-15	2Q-14	YTD-15	YTD-14
<b>Staff Cost</b>				
AMS	1,122	1,048	2,177	2,414
DMS	2,349	2,442	4,760	4,924
DPAS	242	213	483	433
Management and HQ support staff costs (including Directors' fees)	564	512	1,099	1,148
	<u>4,277</u>	<u>4,215</u>	<u>8,519</u>	<u>8,919</u>

Included in staff cost is share option expense of \$10,000 and \$21,000 in 2Q-15 and YTD-15 respectively (2Q-14: \$12,000 and YTD-14: \$25,000).

**Note 4** Other operating expenses

Other operating expenses consist of the following:

In S\$'000	2Q-15	2Q-14	YTD-15	YTD-14
Rental expenses	1,333	1,660	2,932	3,445
Depreciation expenses	395	460	853	924
Plant and equipment written off	10	-	11	6
Loss (Gain) on disposal of plant and equipment	-	1	1	6
Reversal of allowance for doubtful trade receivables	(334)	-	(364)	-
Reversal of allowance for doubtful other receivables	(201)	-	(193)	-
Allowance for inventories	150	245	338	490
Inventories written off	-	-	11	-
Foreign exchange loss	385	93	91	122
	<u>1,738</u>	<u>2,459</u>	<u>3,680</u>	<u>4,993</u>

The decrease in rental expenses in 2Q-15 was principally due to the reversal against the provision for restructuring costs.

**Note 5** Finance costs

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

**Note 6** Amortisation expense

The amortisation expenses were related to the Group's purchased customer list of Quanli (Hong Kong) Leather Company, which was amortised over a period of 38 months. The carrying amount of the customer list was fully impaired in year 2014.

**Note 7** Income tax credit (expense)

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-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		27,838	31,744	16,696	17,968
Trade receivables	1	17,913	24,812	2,303	2,083
Other receivables and prepayments	2	8,537	10,991	19,505	19,108
Inventories	3	19,183	17,490	1,364	1,351
<b>Total current assets</b>		<u>73,471</u>	<u>85,037</u>	<u>39,868</u>	<u>40,510</u>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	20,895	20,836
Investment in an associate		6	-	-	-
Prepayments	2	234	-	-	-
Plant and equipment		3,333	4,014	426	496
Goodwill		2,994	2,994	-	-
<b>Total non-current assets</b>		<u>6,567</u>	<u>7,008</u>	<u>21,321</u>	<u>21,332</u>
<b>Total assets</b>		<u>80,038</u>	<u>92,045</u>	<u>61,189</u>	<u>61,842</u>
<b>Current liabilities</b>					
Short-term bank borrowings		-	2,550	-	-
Trade payables	4	8,874	17,081	1,345	1,371
Other payables	5	9,516	11,651	1,924	2,458
Current portion of finance leases		421	495	77	76
Income tax payable		500	544	-	-
<b>Total current liabilities</b>		<u>19,311</u>	<u>32,321</u>	<u>3,346</u>	<u>3,905</u>
<b>Non-current liabilities</b>					
Finance leases		890	1,138	174	213
Deferred tax liabilities		163	169	-	-
<b>Total non-current liabilities</b>		<u>1,053</u>	<u>1,307</u>	<u>174</u>	<u>213</u>
<b>Capital, reserves and non-controlling interests</b>					
Share capital		153,652	153,652	153,652	153,652
Capital reserve		(859)	(859)	22	22
Share options reserve		298	277	298	277
Foreign currency translation reserve		(133)	56	-	-
Accumulated losses		(92,290)	(93,938)	(96,303)	(96,227)
<b>Equity attributable to owners of the Company</b>		<u>60,668</u>	<u>59,188</u>	<u>57,669</u>	<u>57,724</u>
Non-controlling interests		(994)	(771)	-	-
<b>Total equity</b>		<u>59,674</u>	<u>58,417</u>	<u>57,669</u>	<u>57,724</u>
<b>Total liabilities and equity</b>		<u>80,038</u>	<u>92,045</u>	<u>61,189</u>	<u>61,842</u>

## Notes

### 1 Trade receivables

The Group's trade receivables turnover as at 30 June 2015 is 25 days (31 December 2014: 30 days).

### 2 Other receivables and prepayments

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

<b>S\$'000</b>	<b>30-Jun-15</b>	<b>31-Dec-14</b>
Rental deposits	1,813	1,828
Other receivables	4,865	7,477
Prepayments - current	677	422
Prepayments – non-current	234	-

Other receivables of \$4.9 million as at 30 June 2015 comprised mainly of credit notes of \$3.4 million to be received from principals in relation to sell through, advertising and promotion support, as compared to \$5.7 million as at 31 December 2014 which is consistent with the sell through volume of handsets.

Prepayments of \$0.9 million as at 30 June 2015 comprised mainly of prepaid rentals for premises of \$0.5 million.

### 3 Inventories

The Group's inventory turnover for the period ended 30 June 2015 is 24 days (31 December 2014: 26 days).

### 4 Trade payables

The Group's trade payables turnover as at 30 June 2015 is 17 days (31 December 2014: 22 days). The decrease in trade payables was due to lower purchases made in 2Q-15 as compared with the higher volume in 4Q-14.

### 5 Other payables

The Group's other payables consist of the following:

<b>S\$'000</b>	<b>30-June-15</b>	<b>31-Dec-14</b>
Advertising, promotion and sell through funds from principals	1,404	1,476
Scheduled deferred payment for acquisition of Pixio	1,180	1,895
Other payables to third parties	492	575
Accrued staff costs	1,069	808
Rebates owing to franchisees	468	758
Accrued purchases	54	1,173
Provision for restructuring costs	1,162	1,429
Other accrued operating expenses	873	957

Other payables reduced by \$2.1 million due mainly to the payment of \$0.7 million to the former shareholders of Pixio for the acquisition costs and the prompt submission of invoices from suppliers which reduced the accrued purchases by \$1.1 million.

**1(b)(ii) Aggregate amount of Group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

As at 30-June-15		As at 31-Dec-14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
421	-	495	2,550

**Amount repayable after one year**

As at 30-June-15		As at 31-Dec-14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
890	-	1,138	-

**Details of collateral**

The secured borrowings comprise of outstanding finance lease of \$1.3 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	2Q-15	2Q-14	YTD-15	YTD-14
<b>Operating activities</b>				
Profit (Loss) before income tax	702	(188)	1,518	(276)
Adjustments for:				
Depreciation expenses	395	460	853	924
Amortisation expense	-	246	-	495
Interest expenses	29	60	80	105
Interest income	(27)	(8)	(53)	(14)
Loss on disposal of plant and equipment	-	1	1	6
Plant and equipment written off	10	-	11	6
Liabilities written back	(1)	(10)	(17)	(61)
Allowance for inventories	150	245	338	490
Inventories written off	-	-	11	-
Reversal of allowance for doubtful trade receivables	(334)	-	(364)	-
Reversal of allowance for doubtful non-trade receivables	(201)	-	(193)	-
Professional fees paid by shares	-	-	-	100
Share of losses of associate	9	-	9	-
Employee share-based payments	10	12	21	25
Net foreign exchange losses	66	54	(146)	76
<b>Operating cash flows before movements in working capital</b>	<b>808</b>	<b>872</b>	<b>2,069</b>	<b>1,876</b>
Trade receivables	2,975	1,587	7,263	8,547
Other receivables and prepayments	3,876	(340)	2,665	(2,914)
Inventories	3,361	(5,962)	(2,042)	(4,446)
Trade payables	(7,702)	58	(8,188)	(3,925)
Other payables	(801)	(491)	(2,129)	(2,109)
<b>Cash generated (used in) from operations</b>	<b>2,517</b>	<b>(4,276)</b>	<b>(362)</b>	<b>(2,971)</b>
Income tax paid	(149)	(321)	(377)	(511)
Interest received	27	8	53	14
<b>Net cash from (used in) operating activities</b>	<b>2,395</b>	<b>(4,589)</b>	<b>(686)</b>	<b>(3,468)</b>
<b>Investing activities</b>				
Proceeds from disposal of plant and equipment	124	1	124	38
Purchase of plant and equipment (Note A)	(285)	(142)	(438)	(259)
Acquisition of investment in an associate	(15)	-	(15)	-
<b>Net cash used in investing activities</b>	<b>(176)</b>	<b>(141)</b>	<b>(329)</b>	<b>(221)</b>
<b>Financing activities</b>				
Proceeds from issuance of ordinary shares, net	-	4,057	-	4,199
Interest paid	(29)	(60)	(80)	(105)
Repayment of obligations under finance leases	(129)	(119)	(259)	(226)
Dividends paid to shareholders	-	(982)	-	(982)
Dividends paid to non-controlling interest	-	-	-	(19)
(Repayments) Proceeds from bank borrowings	(2,000)	3,300	(2,550)	1,800
<b>Net cash (used in) from financing activities</b>	<b>(2,158)</b>	<b>6,196</b>	<b>(2,889)</b>	<b>4,667</b>
Net increase (decrease) in cash and cash equivalents	61	1,466	(3,904)	978
Cash and cash equivalents at beginning of period	27,734	17,967	31,699	18,455
<b>Cash and cash equivalents at end of period</b>	<b>27,795</b>	<b>19,433</b>	<b>27,795</b>	<b>19,433</b>

## Notes

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

In 2Q-15, the Group acquired plant and equipment with an aggregate cost of \$285,000 (2Q-14: \$142,000) of which \$ Nil (2014: \$135,000) was acquired under finance lease arrangements.

In YTD-15, the Group acquired plant and equipment with an aggregate cost of \$438,000 (YTD-14: \$259,000) of which \$ Nil (2014: \$210,000) was acquired under finance lease arrangements.

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

<b>In S\$'000</b>	<b>2Q-15</b>	<b>2Q-14</b>
Cash	27,838	19,480
Less: Cash pledged	(43)	(47)
Cash and cash equivalents	<u>27,795</u>	<u>19,433</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 the</u>	<u>Non-controlling interests</u>	<u>Total</u>
<b>Balance as at 1 January 2015</b>	153,652	(859)	277	56	(93,938)	59,188	(771)	58,417
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	684	684	50	734
Other comprehensive income for the period	-	-	-	(156)	-	(156)	(48)	(204)
<b>Total</b>	-	-	-	(156)	684	528	2	530
<b>Transactions with owners, recognised directly in equity</b>								
Recognition of share-based payments	-	-	11	-	-	11	-	11
<b>Total</b>	-	-	11	-	-	11	-	11
<b>Balance as at 31 March 2015</b>	153,652	(859)	288	(100)	(93,254)	59,727	(769)	58,958
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	964	964	(255)	709
Other comprehensive income for the period	-	-	-	(33)	-	(33)	30	(3)
<b>Total</b>	-	-	-	(33)	964	931	(225)	706
<b>Transactions with owners, recognised directly in equity</b>								
Recognition of share-based payments	-	-	10	-	-	10	-	10
<b>Total</b>	-	-	10	-	-	10	-	10
<b>Balance as at 30 June 2015</b>	<u>153,652</u>	<u>(859)</u>	<u>298</u>	<u>(133)</u>	<u>(92,290)</u>	<u>60,668</u>	<u>(994)</u>	<u>59,674</u>

<b>In S\$'000</b>	<b>Share capital</b>	<b>Capital reserve</b>	<b>Share options reserve</b>	<b>Currency translation reserve</b>	<b>Accumulated losses</b>	<b>Attributable to equity holders</b>	<b>Non-controlling interests</b>	<b>Total</b>
<b>Group</b>								
<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 year	-	-	-	76	-	76	-	76
<b>Total</b>	-	-	-	76	81	157	(249)	(92)
<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>	242	-	3	-	10	255	-	255
<b>Balance as at 31 March 2014</b>	136,115	(859)	1,541	176	(84,498)	52,475	236	52,711
<b>Total comprehensive loss for the period</b>								
Loss for the period	-	-	-	-	(110)	(110)	(169)	(279)
Other comprehensive income for the period	-	-	-	25	-	25	8	33
<b>Total</b>	-	-	-	25	(110)	(85)	(161)	(246)
<b>Transactions with owners, recognised directly in equity</b>								
Dividends	-	-	-	-	(982)	(982)	-	(982)
Reversal of expenses related to equity settled								
share-based payment	-	-	(1,298)	-	1,298	-	-	-
Issue of shares upon conversion of warrants	4,057	-	-	-	-	4,057	-	4,057
Recognition of share-based payments	-	-	12	-	-	12	-	12
<b>Total</b>	4,057	-	(1,286)	-	316	3,087	-	3,087
<b>Balance as at 30 June 2014</b>	140,172	(859)	255	201	(84,292)	55,477	75	55,552

<u>In S\$'000</u> Company	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
<b>Balance as at 1 January 2015</b>	153,652	22	277	(96,227)	57,724
Profit for the period, representing total comprehensive loss for the period	-	-	-	118	118
<b>Transactions with owners, recognised directly in equity</b>					
Recognition of share-based payments	-	-	11	-	11
<b>Total</b>	-	-	11	-	11
<b>Balance as at 31 March 2015</b>	<u>153,652</u>	<u>22</u>	<u>288</u>	<u>(96,109)</u>	<u>57,853</u>
Loss for the period, representing total comprehensive profit for the period	-	-	-	(194)	(194)
<b>Transactions with owners, recognised directly in equity</b>					
Recognition of share-based payments	-	-	10	-	10
<b>Total</b>	-	-	10	-	10
<b>Balance as at 30 June 2015</b>	<u>153,652</u>	<u>22</u>	<u>298</u>	<u>(96,303)</u>	<u>57,669</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 profit 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>10</u>	<u>255</u>
<b>Balance as at 31 March 2014</b>	<u>136,115</u>	<u>22</u>	<u>1,541</u>	<u>(95,460)</u>	<u>42,218</u>
Loss for the period, representing total comprehensive profit for the period	-	-	-	(162)	(162)
<b>Transactions with owners, recognised directly in equity</b>					
Dividend	-	-	-	(982)	(982)
Reversal of expenses related to equity settled share-based payment	-	-	(1,298)	1,298	-
Issue of shares upon conversion of warrants	4,057	-	-	-	4,057
Recognition of share-based payments	-	-	12	-	12
<b>Total</b>	<u>4,057</u>	<u>-</u>	<u>(1,286)</u>	<u>316</u>	<u>3,087</u>
<b>Balance as at 30 June 2014</b>	<u>140,172</u>	<u>22</u>	<u>255</u>	<u>(95,306)</u>	<u>45,143</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**

There were no movements in the Company's issued share capital for the quarter ended 30 June 2015.

In 2Q-14, the Company issued an additional 811,462,680 new ordinary shares at \$0.005 per share through conversion of 811,462,680 warrants.

As at 30 June 2015, the Company's issued and paid-up capital was \$153,652,141 (2Q-14: \$140,171,667) divided into 12,528,241,084 (2Q-14: 9,830,806,262) shares.

**Warrants**

The Company's warrants expired on 25 September 2014.

At 30 June 2014, there were 2,921,960,515 outstanding warrants. Each warrant carried 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 June 2015, there were 45,155,000 (30 June 2014: 45,155,000) outstanding share options which would entitle the holders to subscribe for a total of 45,155,000 (30 June 2014: 45,155,000) ordinary shares. If exercised, these share options represent approximately 0.36% of the share capital consisting of 12,528,241,084 issued shares at 30 June 2015.

**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-June-15</b>	<b>31-Dec-14</b>
Issued and paid up	<u>12,528,241,084</u>	<u>12,528,241,084</u>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable

**2. Whether the figures have been audited, or reviewed and in accordance with which standard**

The figures have not been audited or reviewed by the auditors of the Company.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the financial year ended 31 December 2014.

**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 2015, 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 (loss) profit attributable to equity holders of the Company)</i>	<b>2Q-15</b> <b>cents</b>	<b>2Q-14</b> <b>cents</b>	<b>YTD-15</b> <b>cents</b>	<b>YTD-14</b> <b>cents</b>
- Basic	0.008	(0.001)	0.013	0.000
- Fully diluted	0.008	(0.001)	0.013	0.000

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 12,528,241,084 (2Q-14: 9,563,090,120).

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 12,530,155,491 (2Q-14: 11,005,338,710).

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

	Group		Company	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	<u>0.48</u>	<u>0.47</u>	<u>0.46</u>	<u>0.46</u>

The NAV per share as at 30 June 2015 is calculated based on 12,528,241,084 (31 December 2014: 12,528,241,084) ordinary shares.

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

**Revenue and profit after income tax**

The Group's 2Q-15 revenue increased by 18% from \$66.6 million in 2Q-14 to \$78.5 million, with a 1% increase year-on-year from \$151.9 million to \$153.4 million. The increase in revenue was due mainly to the improvement in its DMS and AMS businesses. Revenue from the DPAS business however decreased by 20% from \$2.0 million in 2Q-14 to \$1.6 million in 2Q-15 owing to economic slowdown.

The Group's gross profit margin was down principally because of consolidation of the growing low-margin prepaid cards business in Myanmar. The Group's DMS also contributed lower margin due to challenging market condition. The AMS business margin improved marginally because of a change in the revenue mix and the Group's DPAS margin has been impacted by increased cost of its imported materials arising from the weakening local currency.

**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 recent devaluation of the yuan, slower growth prospects for the Singapore economy and current issues in Malaysia have created a challenging environment for our local and overseas businesses.

The local DMS business continues to face margin and manpower pressures in the midst of a challenging retail environment. In Malaysia, our DPAS business and margins are affected by a depreciating ringgit and economic slowdown.

Our Ooredoo prepaid cards business in Myanmar is on track with the increasing demand for telecommunication services in Myanmar; however, exchange fluctuations arising from the depreciating kyat are expected to affect the overall profitability of the business in Myanmar.

In light of the above, the Group remains cautious of its outlook for the remainder of the financial year.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

None

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

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

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	225	-
<b>Total</b>	<b>225</b>	<b>-</b>

**14. Use of proceeds**

In 2Q-15, the Company did not utilize any proceeds from the conversion of warrants pursuant to the renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011.

As at 30 June 2015, the balance of proceeds was \$13,912,000.

**BY ORDER OF THE BOARD**

**Ong Ghim Choon**  
**Chief Executive Officer**  
**13 August 2015**

**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 second quarter 2015 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 August 2015