CONNECTING YOU HOME AND BEYOND

mDR Limited
Annual Report 2013

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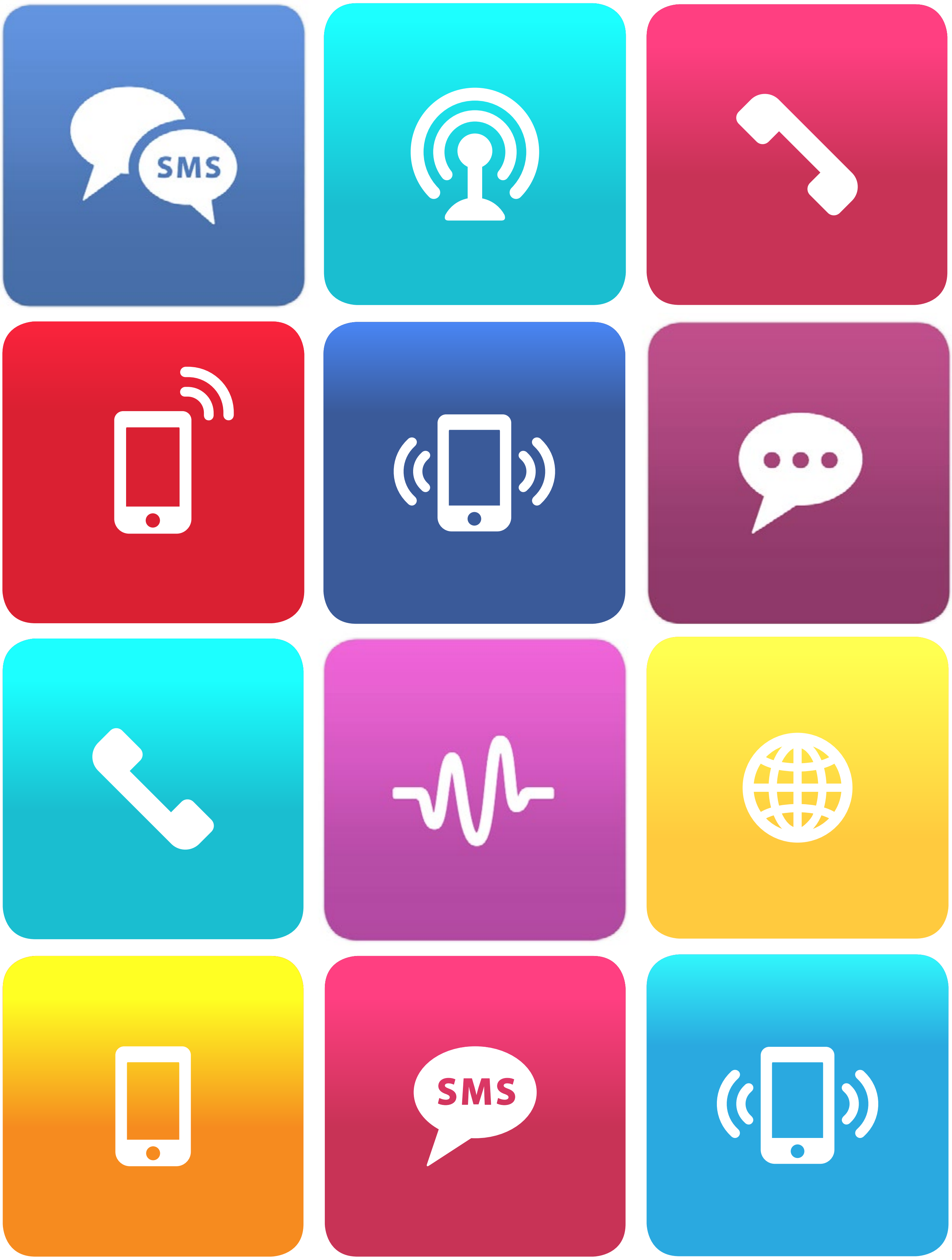
HOME AND BEYOND

Annual Report 2013


SMS
SMS

Corporate Profile

mDR Limited ("**mDR**") is an established after-market service provider for mobile phones and various consumer electronics products. mDR was incorporated in Singapore on 21 October 2000, and listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 14 March 2003.

Besides providing after-market services, the mDR Group of companies operate the largest network of telecommunications retail stores (including franchised stores) in Singapore, offering M1 and SingTel products and services, such as mobile, fixed and wireless broadband.

In 2013, the mDR Group entered the digital inkjet printing for Point-Of-Sale and Out-Of-Home advertising solutions market through its acquisition of Pixio Sdn. Bhd. in Malaysia. The Group also commenced business operations in 2013 in Myanmar through its joint-venture company MDR Myanmar Co., Ltd, and business partner company Golden Myanmar Sea Co. Ltd.

The Group's purchase of Quanli (Hong Kong) Leather Company's customers list in late 2013 opened up new markets for the Group, in the distribution and sale of leather accessories for mobile phones, tablets and laptops to customers in the USA, the People's Republic of China ("**PRC**"), Europe and Australia. These products are exclusively manufactured for the Group, by Shenzhen Quanli Leather Co., Ltd., a company based in the PRC.

mDR Group's key businesses include:

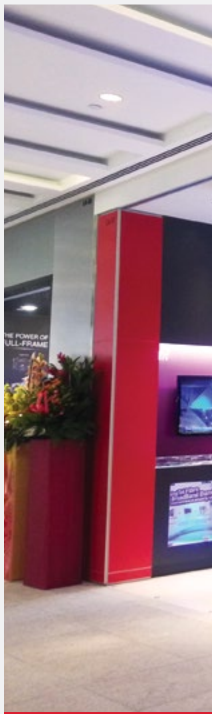
- authorised distributor of mobile devices and accessories for leading global brands like Samsung, Nokia, Huawei, Sony and LG;
- key partner of telecommunications service providers M1 and SingTel, through retail distribution networks branded HandphoneShop and 3 Mobile stores respectively. Our retail stores are situated in HDB heartlands, suburban and city shopping malls within easy reach of consumers;
- owner of Gadget World, a chain of lifestyle retail concept stores that offer the latest technology gadgets, mobile and lifestyle accessories;
- partner of Samsung branded and Nokia branded retail concept stores in Singapore;
- provider of after-market services to end consumers for key partners, Samsung and Sony, for equipment repairs and technical services in Singapore;
- after-market service partner of Nokia products to end consumers in Myanmar;
- distribution and sale of leather accessories for mobile phones, tablets and laptops to customers in the USA, the PRC, Europe and Australia; and
- provision of consultative and complete solutions for the Out-Of-Home and Retail advertising industry.

Currently, the mDR Group has business operations in Singapore, Malaysia and Myanmar.

For more information, please visit us at www.m-dr.com.

Partnering beyond borders, embracing endless possibilities

Our Spectrum of Businesses




SingTel
Exclusive Retailer


m1
ALWAYS PUTTING A
SMILE
ON YOUR FACE
M1 FIBRE BROADBAND.
FAMILY FUN, FASTER.
$39


SAMSUNG
SAMSUNG
Information

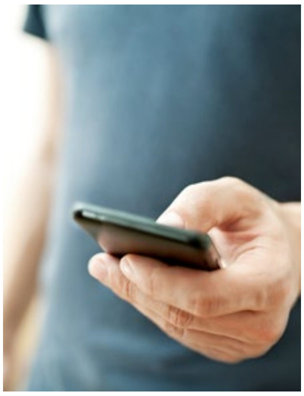

Have
a nice
day.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of mDR Limited (the "**Company**"), I am pleased to present to you our annual report for the financial year ended 31 December 2013.

Last year witnessed another year of growth in terms of turnover. However, competitive margins and higher operating expenses had resulted in lower net profits in comparison to FY2012. Nonetheless, FY2013 was a significant year for our Group in terms of the evolution and expansion of our overseas ventures. We have diversified from our traditional core businesses in after market services ("**AMS**") and distribution management solutions ("**DMS**"), into digital inkjet printing for out of home advertising solutions ("**DPAS**"). Given the highly competitive nature of the telecommunications business and the limited pool of consumers at our home turf, diversification and overseas ventures in emerging markets are a natural corollary to our efforts to maximise shareholders' investments by working towards developing resilient profitable revenue streams.



"FY2013 was a significant year for our Group in terms of evolution and expansion of our overseas ventures."

FINANCIAL REVIEW

In FY2013, the Group posted a turnover of $348.2 million, which was 9% higher than the turnover of $319.7 million in FY2012. In spite of higher turnover, net profits before tax declined by 48% from $6.4 million in FY2012 to $3.3 million in FY2013 due to stock provision of $2.2 million for the year in respect of certain slow moving handset models, and higher operating expenses. The DPAS division, whose results were consolidated into the Group with effect from 1 July 2013, was a significant profit contributing division in the second half of FY2013.

The Group's financial position strengthened with total assets in FY2013 at $89.7 million in comparison to $74.6 million in FY2012, with, *inter alia*, the consolidation of DPAS. As at 31 December 2013, the Group's working capital decreased by $2.7 million to $41.1 million, compared to $43.8 million as at 31 December 2012, mainly due to cash payments made towards the acquisition and investments in the overseas subsidiaries. As at 31 December 2013, the Group maintained a healthy cash balance of $18.5 million.

BUSINESS OPERATIONS

Singapore operations

The Group currently operates and manages an island-wide network of retail outlets in Singapore offering SingTel and M1 products and services. In addition, the Group operates two concept stores for Samsung, and two concept stores for Nokia under its umbrella. New stores have been opened at Bugis Junction, Jem, Great World City, Westgate, and Zhongshan Mall. Our iconic Gadget World store is a prominent player in the mobile and lifestyle accessories retail space, and we are working towards its potential foray in the Southeast Asia region. Presently, we operate a total of four Gadget World stores.

Singapore's mobile phone penetration rate has seen a consistent growth in the last decade or so, from 69.2% in 2001 to 156% in 2013. The Singapore mobile phone market is therefore matured and saturated, and coupled with the highly-competitive nature of this industry with high rental and labour costs, the prospects for substantial growth in the DMS operations remain challenging.

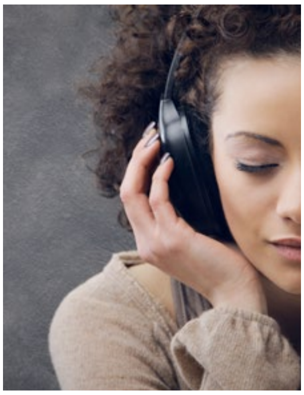
The Group's AMS business operations have continued to contribute positively to its revenue. In FY2013, AMS registered higher revenues of 28% to $35.96 million, in comparison to $28.14 million in FY2012.

Overseas operations

In January 2013, the Group set up a joint venture company, called MDR Myanmar Co., Limited ("**MDR Myanmar**") in Myanmar, to provide AMS for mobile phones, and consultancy and procurement services to its business partner, Golden Myanmar Sea Co. Limited ("**GMS**").

In May 2013, GMS was appointed by Nokia as a distributor of Nokia's products in Myanmar. Nokia also appointed MDR Myanmar as an authorised AMS provider for Nokia's products in Myanmar. The synergic business partnership between MDR Myanmar and GMS is expected to grow the distribution channels and provide retail planning, channel servicing and execution support to penetrate the untapped telecommunications sector in Myanmar.

In January 2014, the Myanmar Government formally awarded licenses to two foreign operators Ooredoo and Telenor. The two operators are expected to roll out a wide range of mobile communication services across Myanmar by early 2015.



"Together with our local Myanmar partners, we are fully invested and look forward to participating in Myanmar's overall growth story in the long term. We believe that our Myanmar operations will become one of our key revenue and income contributors in the years to come."


GADGET WORLD
Samsung GALAXY Accessories
SAMSUNG
Samsung
GALAXY S4
Life companion

> "The Group's foray into the overseas markets coupled with diversification of its business segments is expected to create steady growth prospects resilient from the fluctuations of a single and Singapore-centric market."

We believe that Myanmar's development and growth trajectory of its telecommunications market will closely mirror that of its Southeast Asian neighbours like Thailand, Laos, Cambodia and Vietnam, where mobile penetration rates increased rapidly upon liberalisation of the telecommunications sector. Myanmar's population size is around 60 million, yet its mobile penetration rate is currently estimated at approximately 10%. As such, we believe the Myanmar telecommunications sector will see explosive growth in the next few years, in particular after Ooredoo and Telenor become fully operationally by early 2015.

Together with our local Myanmar partners, we are fully invested and look forward to participating in Myanmar's overall growth story in the long term. We believe that our Myanmar operations will become one of our key revenue and income contributors in the years to come.

For almost 10 years, the Group has been a market leader in Singapore in its core business segments of AMS and DMS. With the acquisition of Malaysia based Pixio Sdn. Bhd. ("**Pixio**") in July 2013, the Group has now diversified into a new business segment DPAS. Pixio is one of the prominent market players in the DPAS business segment in Malaysia, with its operations registering stable growth and profitability historically.

Pixio's clientele include several well known MNCs. It employs state of the art colour-management systems and is an industry leader in promoting eco-friendly printing materials. Pixio will make further capital investments in the latest machinery in order to continue to achieve its unparalleled print quality to meet the most demanding requirements of its clients.

Pixio, already a strong player in the industry with established competitive strengths, will continue to focus on high-growth and high-margin business segments with a broader product and customer mix, with its future prospects in Malaysia and Singapore.

The Group had also completed the purchase of the customers list of Quanli (Hong Kong) Leather Company in October 2013, and this has opened up an additional revenue and income source for the Group, which is complementary to our core DMS business.

The Group's foray into the overseas markets, coupled with diversification of its business segments, is expected to create steady growth prospects resilient from the fluctuations of a single and Singapore-centric market.

DIVIDEND

This is the third consecutive year that the Group will be paying dividend to its shareholders. The Board is pleased to propose a first and final dividend amount of up to $1,000,000 for shareholders' approval at the forthcoming Annual General Meeting. The dividend for FY2013 translates to about 30% of the Group's profits. The Group's FY2012 dividends were at $2.02 million, comprising about 36.5% of the Group's profits. Upon approval by the shareholders, the dividends will be paid to shareholders on 22 May 2014.

"The Group plans to continue with its diversification efforts, and remains committed to increase productivity and ensure long term sustainability."

FUTURE OUTLOOK

Riding on our long experience in the telecommunications sector over all these years, we remain positive about the outlook for the Group. The Group plans to continue with its diversification efforts, and remains committed to increase productivity and ensure long term sustainability.

We have built a long-standing relationship with our various business partners and principals, which include leading mobile manufacturers, telecommunications operators, and franchisees. The Group will make further initiatives to strengthen its relations with the business partners and principals, and the customers who have patronised us for all these years.

ACKNOWLEDGEMENT

I would like to extend my heartfelt appreciation to the fellow Directors, management and employees of the company for their competence, dedication, and teamwork that has contributed to the Group's continued success. At the same time I would like to express my gratitude to our shareholders, partners, principals, and customers for your continued support and confidence in our team. We look forward to an exciting year ahead.

Philip Eng
Chairman
31 March 2014

Financial Highlights

Overview

348.2
Revenue S$million

3.3
Profits S$million

43.8
Net Tangible Assets S$million

Year	2013	2012	2011	2010	2009
Revenue (S$'000)	348,203	319,684	357,007	314,949	226,262
Profits (Loss) before tax (S$'000)	3,345	6,401	7,708	4,816	(1,818)
Profits (Loss) attributable to owners (S$'000)	3,375	5,516	6,994	4,963	(2,561)
Earnings (Loss) per share (cents)	0.04	0.08	0.15	0.16	(0.12)
Cash balance* (S$'000)	18,501	17,620	14,778	14,249	10,895
Bank loans (S$'000)	4,000	-	-	13,978	16,350
Net tangible assets (S$'000)	43,803	45,387	31,282	12,359	5,229
Net asset value (S$'000)	52,063	47,737	33,632	14,709	7,579
Net asset value per share (cents)	0.58	0.57	0.53	0.39	0.29

* including pledged cash for 2009 to 2011 and 2013

Extending our reach to tap into new markets

Board of Directors

PHILIP ENG HENG NEE

Chairman, Independent & Non-Executive Director

Date of first appointment : 1 June 2005

Mr. Philip Eng is a Non-Executive Chairman of Frasers Centrepoint Asset Management Ltd. and also a Director of several public-listed and private companies. Mr. Eng is currently Singapore's Non-Resident High Commissioner to Canada. He is a graduate of the University of New South Wales with a Bachelor's degree in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.

ONG GHIM CHOON

Executive Director & Chief Executive Officer

Date of first appointment : 19 August 2009

Mr. Ong is the Chief Executive Officer ("**CEO**") of the Group since August 2009. He is also the CEO of Group's principal subsidiary, Distribution Management Solutions Pte Ltd, since May 2004. Mr. Ong is responsible for the overall supervision and management of the business of the Group. He has extensive experience in the telecommunications industry, having been a pioneer in the establishment and management of several telecommunications companies since 1993, which engaged in the import, export, distribution and retail of telecommunications and related products and accessories. He is the founder of the retail chain "HandphoneShop".

MAH KAH ON

Independent & Non-Executive Director

Date of first appointment : 9 September 2005

Mr. Mah built a 25-year career in the financial services sector, holding various positions through the years at UMF (S) Limited (formerly known as Associated Merchant Bank Pte Ltd) ("**UMF**") . He was the Chief Executive Officer of UMF from 1999 until 2005, when he retired. Mr. Mah is a qualified chartered accountant with the Institute of Chartered Accountants in England and Wales, and he is currently a member of the Institute of Certified Public Accountants in Singapore.

THAM KHAI WOR

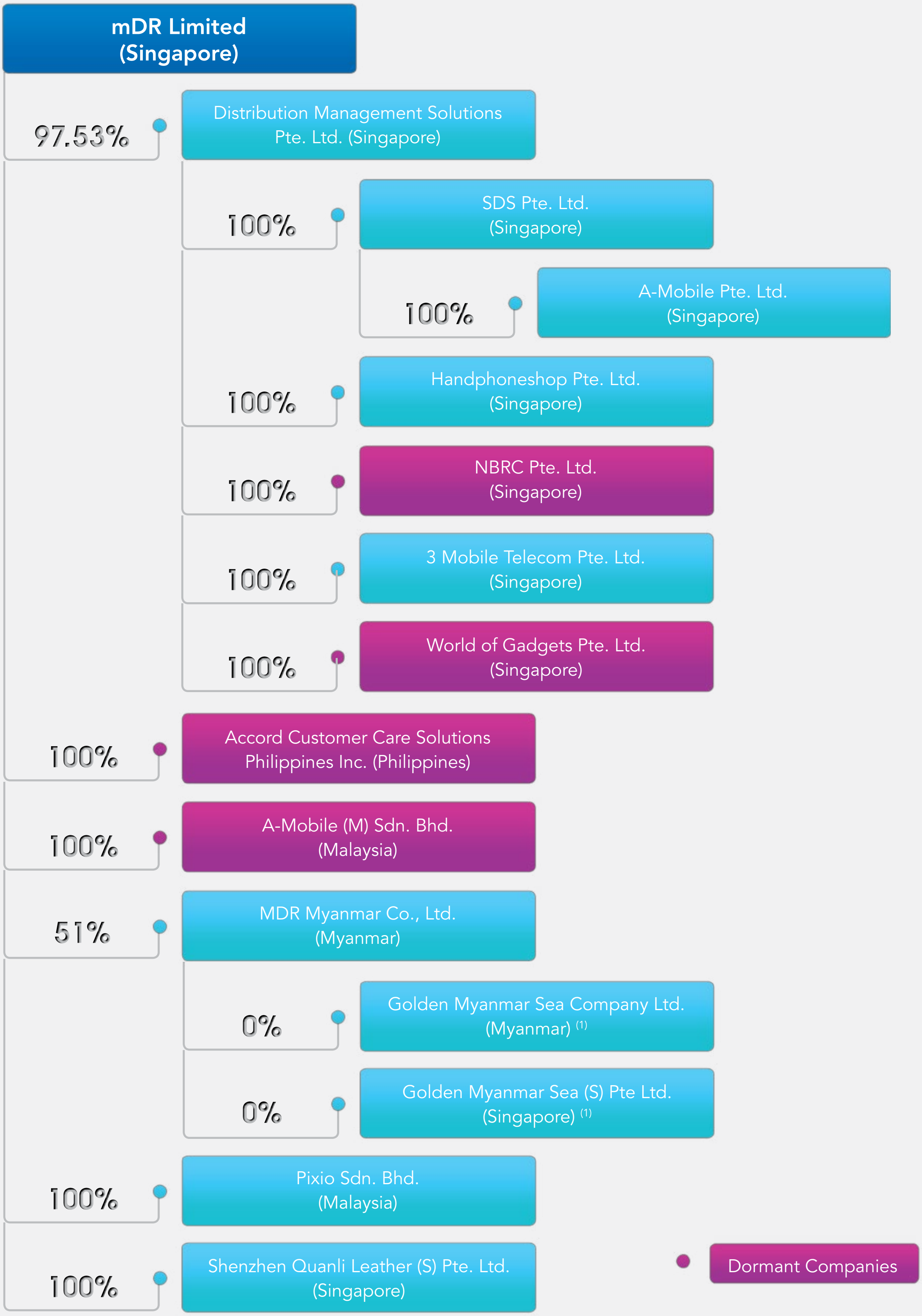
Non-Independent & Non-Executive Director

Date of first appointment : 6 October 2006

Mr. Tham is well known in the region for his expertise in publishing, advertising and marketing, and in the advancement of the foregoing industries. He is a Non-Executive Director of M2L Holdings Limited, Director of Marketing of R E & S Enterprises Pte Ltd, and a Principal Consultant of Saltus Consulting Pte Ltd, which specializes in Marketing and Brand Strategy, and Media Relations.

He was the Senior Executive Vice President of Singapore Press Holdings Ltd and retired in 2005 after 33 years. Mr Tham has held various offices in the span of his career, notable ones being President, Master Printers Association; President, Media Owners Association; Founding Governor, Institute of Advertising; and, Director, Asian Federation of Advertising Associations.

Group Structure



(1) The Group acquired de facto control over these companies via MDR Myanmar Co., Ltd.

Retail Network

SINGTEL EXCLUSIVE RETAILER

AMK Hub
53 Ang Mo Kio Ave 3,
#01-29, AMK Hub
S(569933)

AMK Hub
53 Ang Mo Kio Ave 3,
#02-50, AMK Hub
S(569933)

Bedok Central
Blk 211, New Upper
Changi Road, #01-747
S(460018)

Bishan Junction 8
Bishan Central,
#02-32
S(579837)

Century Square
2 Tampines Central 5,
#05-22, Century Square
S(529509)

Compass Point
1 Seng Kang Square,
#02-32
S(545078)

Funan DigitaLife
109 North Bridge Road,
#01-11
S(179097)

Great World City
1 Kim Seng Promenade,
#02-07/08,
Great World City
S(237994)

Great World City
1 Kim Seng Promenade,
#02-39,
Great World City
S(237994)

Hougang Mall
90 Hougang Ave 10,
#04-17
S(538766)

iBread Talk
30 Tai Seng Street,
#02-06B
S(534013)

IMM
2 Jurong East Street 21,
#02-02, IMM Building
S(609601)

ION Orchard
2 Orchard Turn,
#B4-22
S(238801)

JEM
50 Jurong Gateway
Road, #04-57
S(608549)

Jurong Point
63 Jurong West
Central 3, #B1-87/88
S(648331)

Jurong West
Blk 501, Jurong West
Street 51, #01-271
S(640501)

Loyang Point
Blk 258, Pasir Ris
Street 21, #02-341,
Loyang Point
S(510258)

Downtown East
1 Pasir Ris Close,
#01-09A/B,
S(519599)

Parkway Parade
80 Marine Parade Road,
#B1-45/46
S(449269)

Suntec City
3 Temasek Boulevard,
#02-318
S(038983)

Tampines Mart
11 Tampines Street 32,
#01-02A
S(529287)

Thomson Plaza
301 Upper Thomson
Road, #01-77
S(574408)

Vivo City
1 Harbourfront Walk,
#02-216C
S(098585)

Zhongshan Mall
20 Ah Hood Road,
#01-05
S(329984)

M1 EXCLUSIVE DISTRIBUTOR

Ang Mo Kio Central
Blk 726, Ang Mo Kio
Ave 6, #01-4162
S(560726)

Bedok Central
Blk 211, New Upper
Changi Road, #01-747
S(460211)

Bishan Junction 8
Bishan Central, #02-30
S(579837)

Century Square
2 Tampines Central 5,
04-14A
S(529509)

Chong Pang City
Blk 101, Yishun Ave 5,
#01-75
S(760101)

Funan DigitaLife
Level 1, 109 North
Bridge Road, Kiosk K8
S(179097)

Great World City
1 Kim Seng Promenade,
#02-36
S(237994)

ION Orchard
2 Orchard Turn, #B4-21
S(238801)

JEM
50 Jurong Gateway
Road, #04-38
S(608549)

Jurong Point
1 Jurong West Central
2, #03-19
S(648886)

Lot 1 Shoppers' Mall
Choa Chu Kang Ave 4,
#B1-18
S(689812)

Nex
23 Serangoon Central,
#04-43/44
S(556083)

Sembawang Shopping Centre
604 Sembawang Road,
#B1-04
S(758459)

Toa Payoh Central
Blk 190, Lorong 6 Toa
Payoh, #01-548
S(310190)

Vivo City
1 Harbourfront Walk,
#02-216B
S(098585)

White Sands
1 Pasir Ris Central
Street 3, #03-22
S(518457)

GADGETWORLD

Bugis Junction
80 Middle Road,
#M01-K1
S(188966)

Causeway Point
1 Woodlands Square,
#03-14
S(738099)

JEM
50 Jurong Gateway Road,
#04-38
S(608549)

Jurong Point
1 Jurong West Central 2,
#B1-87/88
S(648886)

NOKIA STORES

Causeway Point
1 Woodlands Square,
#03-14
S(738099)

Funan DigitaLife
109 North Bridge Road,
#01-K8
S(179097)

SAMSUNG EXPERIENCE STORES

Vivo City
1 Harbourfront Walk,
#02-28/29
S(098585)

Westgate
3 Gateway Drive,
#01-01, #02-01
S(608532)

NOKIA SHOWROOM & SERVICE CENTRE

Yangon, Myanmar
No. 152A, West Shwe Gon
Daing Street,
Yay Tar Shay Quarter
Bahan Township
Yangon, Myanmar

Corporate Information

BOARD OF DIRECTORS

Philip Eng Heng Nee
Chairman/ Independent
Non-Executive Director

Ong Ghim Choon
Executive Director/
Chief Executive Officer

Mah Kah On
Independent
Non-Executive Director

Tham Khai Wor
Non-Independent
Non-Executive Director

AUDIT COMMITTEE

Mah Kah On
Chairman

Philip Eng Heng Nee

Tham Khai Wor

NOMINATING COMMITTEE

Philip Eng Heng Nee
Chairman

Mah Kah On

Tham Khai Wor

REMUNERATION COMMITTEE

Philip Eng Heng Nee
Chairman

Tham Khai Wor

Mah Kah On

REGISTERED OFFICE

53 Ubi Crescent
Singapore 408594
T : (65) 6347 8911
F : (65) 6347 8903
W: www.m-dr.com

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
Singapore Land Tower
#32-01
Singapore 048623

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2
#32-00
Singapore 068809
Partner-in-charge:
Ang Poh Choo
(Audit engagement partner appointed on 5 August 2013)

COMPANY SECRETARY

Chiang Chai Foong
ACIS

FINANCIAL CONTENTS

Annual Report 2013

Corporate Governance

mDR Limited (the "**Company**") is committed to maintain and observe high standards of corporate governance in accordance with the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (the "**Code**"). Since the launch of the Code, the Board of Directors (the "**Board**") has taken several steps to align the governance framework of the Company with the Code.

The Company's corporate governance practices set out in this Report are with reference to the principles of the Code.

BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board is accountable to the shareholders while the management is accountable to the Board.

The Board establishes a control framework that enables risks to be assessed and managed as it oversees the Company's affairs, and provides shareholders with a balanced and understandable assessment of the Company's performance, financial position and business prospects on a quarterly basis. This responsibility extends to making interim and other price sensitive public reports, and reports to regulators as and when required.

The Company has in place internal guidelines setting forth matters that require Board approval, such as those involving annual budgets, investment and divestment proposals, and significant corporate actions of the Company.

To assist the Board in the execution of its responsibilities, the Board has established three committees, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**"), all of which operate within their respective terms of reference and functional procedures. The Board may also constitute other *ad hoc* committees as and when necessary to oversee special matters.

Quarterly meetings are scheduled in advance for the Board to meet. In addition to scheduled meetings, the Board may also hold *ad hoc* meetings as and when required. The Company's Articles of Association (the "**Articles**") allow a Board meeting to be conducted by way of teleconference. Board approvals may also be obtained through written resolutions by circulation. The attendances of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings are disclosed in this Report.

New Directors are briefed and given materials to help them familiarise themselves with the Company's business. To meet the Directors' training needs, the Company funds Directors' attendances at courses appropriate for their discharge of duties as Directors.

Directors are given unrestricted access to all Company staff and are provided with notices, agendas and meeting materials in advance of Board meetings. Key management staff and the Company's auditors and solicitors, where appropriate, are invited to assist the Board in its deliberations.

Directors' attendance at Board and Board Committee Meetings

For FY2013, the Directors' attendances at Board and Board committees meetings are as follows:

Director	Board	AC	NC	RC
Philip Eng Heng Nee	5 of 6	4 of 4	1 of 1	1 of 1
Mah Kah On	6 of 6	4 of 4	1 of 1	1 of 1
Tham Khai Wor	6 of 6	4 of 4	1 of 1	1 of 1
Ong Ghim Choon [(1)]	6 of 6	-	-	-

(1) Mr Ong Ghim Choon is not a member of the AC, NC and RC.

Corporate Governance

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this Report, the Board comprises four Directors, namely Mr Philip Eng Heng Nee, Mr Ong Ghim Choon, Mr Mah Kah On, and Mr Tham Khai Wor. Of the four Board members, two are independent Directors. The Board has examined its size and is of the view that the current arrangement is adequate, given that the Independent Directors form half of the Board's composition. Please refer to the section on "Board of Directors" in this Report for key information on each Director.

The independence of each Independent Director is reviewed annually by the NC. For this, the NC adopts the Code's definition of what constitutes an Independent Director in its review.

The NC is of the view that the current Independent Directors are independent within the meaning of the Code, that there is a strong and independent element on the Board, and it is able to exercise objective judgment on all corporate affairs independently, in particular from management, and that no individual or small group of individuals dominate the Board's decision-making process.

The NC is also of the view that the current Board consists of persons who, collectively provide core competencies in various fields such as, accounting and finance, business and management, industry knowledge, strategic planning, and customer-based knowledge and experience necessary to meet the Company's objectives.

Board and Board Committees

Director	Board	AC	NC	RC
Philip Eng Heng Nee	Chairman Independent & Non-Executive	Member	Chairman	Chairman
Mah Kah On	Independent & Non-Executive	Chairman	Member	Member
Tham Khai Wor	Non-Independent & Non-Executive	Member	Member	Member
Ong Ghim Choon	Executive Director	-	-	-

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has a separate Chairman and Chief Executive Officer ("**CEO**"). The Chairman bears responsibility for the management of the Board, while the CEO is the senior most Executive in the Company and bears executive responsibility for the Company's business.

The Board applies the principle of clear division of responsibilities between the Board and the management. The workings of the Board and the management's responsibility of the Company's business are divided to ensure a balance of power and authority.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises of three Directors. Majority of the members of the NC, including the NC Chairman, are independent. All the NC members are non-executive Directors.

The NC is responsible for, *inter alia*, making recommendations to the Board on all Board appointments, and in determining the independence of Directors.

The NC has put in place a set of guidelines to evaluate Board and individual Director's performance. Each member of the NC abstains from voting on any resolution, making any recommendations and participating in any deliberation of the NC in respect of the assessment of his performance and re-nomination as a Director.

Corporate Governance

The Board upon consideration as a whole appoints new Directors, and members of the various Board committees, after the NC has reviewed and nominated them for appointment.

Article 90 of the Articles requires every Director to retire from office once every three years and for this purpose, at each Annual General Meeting ("**AGM**"), one-third of the Directors for the time being retire from office. This means that no Director can stay in office for more than three years, unless re-elected by the shareholders. A retiring Director is eligible for re-election by the shareholders in the AGM.

The NC evaluates the performance of a Director in considering his re-appointment. The Board Chairman constantly monitors, assesses each Director's preparedness, contribution to the Board meetings, and the quality of interventions, and reports his findings to the Chairman of the NC. The Directors' attendance records at Board and Board committee meetings form the other criteria for their re-appointment.

PRINCIPLE 5: BOARD PERFORMANCE

At the end of each financial year, the NC assesses the Board's performance as a whole, and the Board committees' performance, by evaluating a questionnaire dealing with various aspects, such as, composition, Board processes and procedures, and information flow and accessibility.

The NC evaluates each individual Director's performance through a separate questionnaire dealing with various aspects, such as, attendance at Board and Board committee meetings, contribution to meetings, and communication.

The NC also determines whether to re-nominate Directors who are due for retirement at the next AGM, and whether Directors with multiple board representations have been able to and have adequately discharged their duties as Directors of the Company.

PRINCIPLE 6: ACCESS TO INFORMATION

Board memoranda accompany each Directors' written resolution to provide explanatory information on the resolution. Financial budgets and forecasts are presented to the Board before adoption. The Directors are provided with the telephone numbers and e-mail addresses of the Company's senior management and Company Secretary to facilitate separate and independent access.

Should the Directors, whether as a group or individually, need independent professional advice, the Board may appoint a professional advisor selected by the group or individual, as the case may be, to render the advice. The cost of such professional advice will be borne by the Company.

The Company Secretary or her representative attends and prepares minutes of Board and Board committee meetings. She helps to ensure that board procedures are followed and relevant rules and regulations are complied with.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three Directors. Majority of the RC members, including the RC Chairman, are independent. All the RC members are non-executive Directors.

The RC makes recommendations to the Board on remuneration packages of individual Directors and key executives. The RC meets at least once a year. It is regulated by a definite terms of reference.

Corporate Governance

The RC is mandated with the responsibility to oversee the general compensation of key employees of the Group with a goal to motivate, recruit and retain such employees, through competitive compensation and progressive policies. The RC makes its recommendations in consultation with the Chairman of the Board and submits it for approval by the entire Board. Each member of the RC abstains from voting on any resolution, making any recommendation and participating in any deliberation in respect of his own remuneration.

The RC's principal responsibilities are to:

1) recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as share options;

2) approve the structure of the compensation programme (including, but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management, to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;

3) review and recommend Directors' and key executives compensation annually taking into account Group's relative performance, performance of individual Director or key executive, and pay and employment conditions within the industry and in comparable companies; and

4) administer the mDR Share Option Scheme 2003.

The RC has access to the Company's Human Resources Department, and external consultants if necessary, for expert advice on remuneration of all Directors and key executives.

mDR Share Option Scheme 2003

The mDR Share Option Scheme 2003 (the "**Scheme**") expired on 12 January 2013. No further share options have been granted upon the expiry of the Scheme, but the provisions of the Scheme remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiry. Details of the Scheme, which includes size of grants, exercise price of options that were granted under the Scheme, and the exercisable period are disclosed in the Directors' Report.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

Remuneration policy in respect of Executive Directors and other key executives

The RC decides on the specific remuneration packages for the Directors, CEO and all key employees who report directly to the CEO.

The remuneration policy for Executive Directors and key executives of the Company comprises fixed and variable components. The fixed component includes salary, central provident fund ("**CPF**") contributions, annual wage supplement ("**AWS**"), and other benefits. The variable component comprises performance bonuses, which are payable on the achievement of Group and individual performance targets.

The Non-Executive Directors are paid a basic Director's fees, additional fees for serving on any of the Board committees, and an attendance fee for participation in meetings of the Board and Board committees. The RC recommends to the Board, Non-Executive Directors' fees that are appropriate to their level of contribution, taking into account factors such as frequency of meetings, effort and time spent, and their responsibilities. The aggregate fees payable to the Non-Executive Directors are subject to the approval of the shareholders at the AGM of the Company. The Chairman was also entitled to share options under the Scheme.

Corporate Governance

PRINCIPLE 9: DISCLOSURE OF REMUNERATION

The remuneration of the Directors and key management personnel are as follows:

Directors' Remuneration Table for the Financial Year Ended 31 December 2013

Name of Director	Fees (%)	Salary (%)	Bonus [1] (%)	Other Benefits [2] (%)	Total (%)	No. of share options
Ong Ghim Choon	-	66.8	19.5	13.7	100	-
Philip Eng Heng Nee	100	-	-	-	100	17,826,000
Mah Kah On	100	-	-	-	100	-
Tham Khai Wor [3]	86.3	-	13.7	-	100	-

(1) Include AWS and variable bonus.
(2) Include employer's CPF, allowance, and car benefits.
(3) Include Director's fees, and variable bonus payable by a subsidiary.

Key Executives' Remuneration Table for the Financial Year Ended 31 December 2013

Remuneration Bands & Name of Key Executives	Salary (%)	Bonus [1] (%)	Other Benefits[2] (%)	Total (%)	No. of share options
S$250,000 to S$500,000					
Wee Swee Neo, Doris	74.5	21.7	3.8	100	-
Chua Lay Ching, Sarah [3]	71.2	14.8	14.0	100	-
Siua Cheng Foo, Richard	78.1	15.8	6.1	100	-
Teo Seer Seer [3]	73.6	10.4	16.0	100	-
Below S$250,000					
Ng Eng Ming, Peter	53.8	24.0	22.2	100	-
Ong Ghim Chwee [4]	58.4	17.0	24.6	100	-
Yip Li San	80.7	11.4	7.9	100	-
Kwa Hian Djoe [3]	48.3	34.3	17.4	100	-

(1) Include AWS and variable bonus.
(2) Include employer's CPF, allowance, and car benefits.
(3) Ms Chua Lay Ching, Sarah, Ms Teo Seer Seer, and Mr Kwa Hian Djoe have ceased to be in the employment of the Group since March 2014, December 2013, and April 2013 respectively.
(4) Mr Ong Ghim Chwee is the brother of Mr Ong Ghim Choon (Executive Director of the Company), and his remuneration exceeds S$150,000 during FY2013.

The Code has recommended a full disclosure of the remuneration of all Directors and the CEO on a named basis. The Company believes that the disclosure of the remuneration of each individual Director and the CEO on a named basis would not be in the interest of the Group's business interests, given the highly competitive nature of the core business of the Group. Furthermore, in addition to this Report the disclosure on remuneration has been made in the Directors' Report and the notes to the financial statements. The Board also responds to questions, if any, from the shareholders on remuneration policy and package in the AGM.

There is no existing or proposed service contract entered, or to be entered into, by any Director with the Company or any of the Company's subsidiaries, which provides for benefits upon termination of employment.

Corporate Governance

With the exception of Mr Ong Ghim Chwee, there is no other employee of the Company who is an immediate family member of a Director or the CEO and/or whose remuneration exceeded S$500,000 during FY2013. Immediate family member in this Report refers to the spouse, child, adopted child, step-child, brother, sister and parent.

PRINCIPLE 10: ACCOUNTABILITY AND AUDIT

The Board has the responsibility to present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board reviews the Company's quarterly, half-yearly and full year financial results and performs a full review and discussion of the results before its final approval and release.

Quarterly financial results and other price-sensitive information are communicated to the shareholders through announcements released via SGXNet and the Company's website.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management policies and processes

Management reviews the Group's business and operational activities regularly to identify areas of significant business risks as well as measures to control these risks. Management also reviews internal control policies and highlights all significant matters to the Board and the AC.

The identification and management of risks are delegated to management, which assumes ownership, and day-to-day management of these risks.

Internal Controls

The Company maintains internal control systems that are intended to safeguard, verify and maintain the assets and proper accounting with a clear operating structure based upon its delegation of authority and reporting structures, codes of conduct and other documented procedures in place. These internal controls include financial reporting, operational and compliance controls, management accounting, information technology systems security and project appraisal policies and systems established by management.

The system of internal controls are intended to provide reasonable but not absolute assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Based on the internal controls established, reports from the external and internal auditors, actions taken and the assurance given by the management, on-going review and continuing efforts at enhancing controls and processes, the Board with the concurrence of the AC is of the opinion that there are adequate internal controls in place to address the financial, operational and compliance risks of the Group in its current business environment.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three Directors. Majority of the AC members, including the AC Chairman, are independent Directors. All the AC members are non-executive Directors.

Under its terms of reference, the AC reviews the quarterly and full-year financial statements prior to submission to the Board. The AC also ensures the independence and objectivity of external auditors, and reviews all interested person transactions.

Corporate Governance

The AC is explicitly authorised by the Board to investigate any matters within its terms of reference. For such purpose, the AC has full access to and co-operation of the management, full discretion to invite any Director and Executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. Each member of the AC abstains from voting on any resolution, making any recommendation and participating in any deliberation in respect of matters in which he is interested.

Minutes of AC meetings are available to all Directors for information and review.

The AC meets with the external auditors at least four times a year without the presence of the management. The AC has reviewed the independence and objectivity of the Company's external auditor Deloitte & Touche LLP ("**Deloitte**"), and has satisfied itself of Deloitte's position as an independent external auditor. The Company has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditors.

PRINCIPLE 13: INTERNAL AUDIT

The Company has established an internal audit function that is independent of the activities it audits. The internal audit function is carried out by an in-house Internal Auditor ("**IA**"), appointed by the Company in the latter part of FY2013. The IA reports directly to the Chairman of the AC. Reports prepared by the IA are reviewed by the AC.

The AC reviews and approves the annual internal audit plans to ensure that the IA has the capability to adequately perform its functions. The AC also provides a communication channel between the Board, the Management and the external auditors on audit related matters. The audit work by the IA is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

PRINCIPLE 14: SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Company has adopted quarterly results reporting since its listing. The quarterly results are published through the SGXNet for the public and shareholders' information.

The Company does not practice selective disclosure of material information. Material information is publicly released promptly, either before the Company meets with investors/analysts or thereafter whenever appropriate. Results and annual reports are announced or issued within the mandatory period (unless extension of time is granted by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and/or the Accounting and Corporate Regulatory Authority) and is also made available on the Company's website.

Shareholders are informed of shareholders' meetings through circulars sent to all shareholders. The Company's Annual Report and notice of AGM is dispatched to all shareholders of the Company within the mandatory period. The notice of shareholders' meeting is also posted on the Company's website. At AGMs, shareholders are given equal opportunity and time to air their views and ask Directors and management questions regarding the activities and performance of the Company.

The Articles allow a shareholder to appoint one or two proxies to attend and vote in his place at general meetings. The Company is not implementing absentia voting as this method is elaborate and costly, and the need for it presently does not arise.

The members of the Board, Board committees, senior management, external auditors, legal advisor, and management are in attendance at the AGM to assist the Directors in addressing any relevant queries by shareholders.

Resolutions are passed separately at general meetings. For greater transparency and fairness in the voting process, all resolutions will be passed at the FY2013 AGM by poll. The voting results of all votes cast for and against each resolution will be screened at the meeting and will also be announced after the meeting via SGXNet.

Corporate Governance

The Company records minutes of all shareholders' meetings. These are available to shareholders upon request.

OTHER CORPORATE GOVERNANCE PRINCIPLES

Best practices guide and dealings in securities

The Company has adopted a Best Practices Guide pursuant to SGX-ST Listing Manual guidelines and made it applicable to all its officers in relation to their dealings in the Company's securities.

The Company, its Directors and employees who have access to unpublished price sensitive information are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's first quarter, half-year and third quarter financial results, and one month before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results. Similarly, the Directors and employees of the Company are not allowed to deal in the Company's securities on short-term considerations.

Non-audit fees

The Company had engaged its auditors Deloitte to provide tax advisory, and agreed upon procedures services for a total fee of S$31,000 in FY2013.

Save for as disclosed herein, there were no other non-audit services rendered by Deloitte to the Company in FY2013.

Interested person transactions policy

The Company has adopted an internal policy where all interested person transactions are documented and submitted quarterly (during each quarterly AC meeting) to the AC for its review to ensure that such transactions are carried out at arm's length basis, on normal commercial terms and are not prejudicial to the Company and its minority shareholders.

In the event that a member of the AC is deemed to have an interest in an interested person transaction, he is required to abstain from reviewing that particular transaction.

Material contracts

No material contract has been entered into by the Group involving the interests of the CEO, any Director or controlling shareholder, during the financial year ended 31 December 2013 save for the following:-

Pacific Organisation Pte Ltd	Leasing of premises	S$38,131 per month
	Leasing of vehicles	S$642 per month
Mr Tham Khai Wor	Advisory and service fees	S$8,000 per month (mDR) RM 3,000 per month (Pixio)

Whistle-blowing policy

The Company has implemented a whistle-blowing policy pursuant to which any staff of the Company may in confidence, raise concerns about possible improprieties in operational, financial or other matters. Procedures are in place for independent investigation of such matters and for appropriate follow-up action to be carried out.

CONCLUSION

The mDR Group recognises the importance of good corporate governance practices. The Group will continue to review and improve its corporate governance practices on an ongoing basis.

Use of Proceeds

The following sets out the status on 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 (the "**Conversion of Warrants**").

Conversion of Warrants

	S$'000
Balance of proceeds as at 1 January 2013	3,832
Total proceeds received from Conversion of Warrants for FY2013	2,394
Utilisation towards general working capital (for third party payments, including suppliers invoices)	(5,500)
Balance of proceeds as at 31 December 2013	**726**

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.

Interested Party Transactions

As at 31 December 2013

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Pacific Organisation Pte Ltd	S$435,000	Nil
Mr Tham Khai Wor	S$161,000	Nil

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2013.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Philip Eng Heng Nee	(Chairman of the Board of Directors)
Mah Kah On	
Tham Khai Wor	
Ong Ghim Choon	

2 AUDIT COMMITTEE

The members of the Audit Committee, comprising all non-executive directors, at the date of this report are:

Mah Kah On	(Chairman of the Audit Committee)
Philip Eng Heng Nee	
Tham Khai Wor	

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and the financial position of the Company and the Group;

e) the co-operation and assistance by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors at the forthcoming AGM of the Company.

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options mentioned in paragraphs 4 and 6 of the Report of the Directors.

Report of the Directors

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		
Name of directors and companies in which interests are held	**At beginning of year**	**At December 31, 2013**	**At January 21, 2014**
mDR Limited			
- Ordinary shares			
Philip Eng Heng Nee	112,952,330	131,185,330	131,185,330
Ong Ghim Choon	443,986,666	443,986,666	443,986,666
Tham Khai Wor	15,000,000	15,000,000	15,000,000
Mah Kah On	10,000,000	10,000,000	10,000,000
mDR Limited			
- Warrants to subscribe for ordinary shares at exercise price of $0.005 each			
Ong Ghim Choon	433,986,664	433,986,664	433,986,664
Mah Kah On	10,000,000	10,000,000	10,000,000
mDR Limited			
- Options granted			
Philip Eng Heng Nee	38,850,000	37,355,000	37,355,000
Ong Ghim Choon	5,000,000	5,000,000	5,000,000

5 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

Report of the Directors

6 SHARE OPTIONS

a) At the Extraordinary General Meeting held on January 13, 2003, the shareholders approved the adoption of the ACCS Share Option Scheme 2003. On June 7, 2006, the share option scheme was renamed as the mDR Share Option Scheme 2003 (the "2003 Scheme"). The share option scheme is administered by the Remuneration Committee, comprising the following:

Philip Eng Heng Nee (Chairman of the Remuneration Committee)
Mah Kah On
Tham Khai Wor

Mr Philip Eng Heng Nee did not participate in any deliberation or decision in respect of the options granted to him.

b) Each share option entitles the employees of the Group and of its associated company(ies) to subscribe for one new ordinary share in the Company. The options are granted at a consideration of $1.00 paid by each option holder.

The 2003 Scheme will operate for a maximum period of 10 years commencing on January 13, 2003. Under the 2003 Scheme, share options may be granted to the employees of the Group and its associated company(ies), if any, provided that the Company has control over the associated company(ies). Control is defined as the capacity to dominate decision making in relation to the financial and operating policies of the Company. Approval of the independent shareholders in separate resolutions is required for the participation by and the number and terms of options to be granted to participants who are controlling shareholders of the Company or their associates.

Options that are granted may be at the market price ("Market Price Options") or may have exercise prices that are, at the Remuneration Committee's discretion, set at a discount to the market price of a share. The maximum discount cannot exceed 20%.

If an option holder ceases to be in full time employment with the Company or any of the companies within the Group or its associated company(ies) for any reason whatsoever, the option holder may exercise any unexercised options within 1 month from the last date of employment with the relevant entity.

Market Price Options shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof) at any time after twelve (12) months of the date of grant of that option.

Options granted with an exercise price set at discount to market price shall only be exercisable by a participant, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof) at any time after twenty four (24) months from the date of grant of that option.

Provided always that options shall be exercised before the end of one hundred and twenty (120) months (or sixty (60) months where the participant is a non-executive Director) of the date of grant of that option and subject to such other condition as may be introduced by the Remuneration Committee from time to time.

c) At the Extraordinary Meeting held on April 14, 2004, the shareholders approved the amendment of certain provisions of the 2003 Scheme to:

i) allow non-executive directors of the Company to participate in the 2003 Scheme; and

ii) extend the size of the 2003 Scheme from 10% to 15% of the issued share capital of the Company.

Report of the Directors

6 SHARE OPTIONS (CONT'D)

d) The share options granted and exercised during the financial year and share options outstanding as at December 31, 2013 under the 2003 Scheme were as follows:

	Number of share options						
Date of grant	Balance at January 1, 2013	Granted	Exercised	Cancelled/ lapsed	Balance at December 31, 2013	Exercise price per share	Exercisable period
September 17, 2003	212,141	-	-	(212,141)	-	0.3111	September 17, 2004 to September 16, 2013
April 14, 2004	8,177,133	-	-	-	8,177,133	0.5063	April 14, 2005 to April 13, 2014
January 10, 2008	1,088,000	-	-	(1,088,000)	-	0.0550	January 10, 2009 to January 9, 2013
May 13, 2008	8,300,000	-	-	-	8,300,000	0.0300	May 13, 2009 to May 12, 2018
May 20, 2010	2,665,000	-	(2,665,000)	-	-	0.0050	May 20, 2012 to May 19, 2015
May 20, 2010	2,665,000	-	(2,665,000)	-	-	0.0050	May 20, 2013 to May 19, 2015
March 9, 2011	1,670,000	-	(1,670,000)	-	-	0.0050	March 9, 2013 to March 8, 2016
March 9, 2011	1,670,000	-	-	-	1,670,000	0.0050	March 9, 2014 to March 8, 2016
January 19, 2012	7,878,000	-	(7,878,000)	-	-	0.0050	January 19, 2013 to January 18, 2017
January 19, 2012	5,440,000	-	-	-	5,440,000	0.0050	January 19, 2014 to January 18, 2017
January 19, 2012	5,440,000	-	-	-	5,440,000	0.0050	January 19, 2015 to January 18, 2017
May 14, 2012	3,355,000	-	(3,355,000)	-	-	0.011	May 14, 2013 to May 13, 2017
May 14, 2012	2,317,000	-	-	-	2,317,000	0.011	May 14, 2014 to May 13, 2017
May 14, 2012	2,317,000	-	-	-	2,317,000	0.011	May 14, 2015 to May 13, 2017
November 9, 2012	985,000	-	-	-	985,000	0.0090	November 9, 2013 to November 8, 2017
November 9, 2012	680,000	-	-	-	680,000	0.0090	November 9, 2014 to November 8, 2017
November 9, 2012	680,000	-	-	-	680,000	0.0090	November 9, 2015 to November 8, 2017
January 11, 2013	-	7,486,000	-	-	7,486,000	0.0180	January 11, 2014 to January 10, 2018
January 11, 2013	-	5,170,000	-	-	5,170,000	0.0180	January 11, 2015 to January 10, 2018
January 11, 2013	-	5,170,000	-	-	5,170,000	0.0180	January 11, 2016 to January 10, 2018
Total	55,539,274	17,826,000	(18,233,000)	(1,300,141)	53,832,133		

Report of the Directors

6 SHARE OPTIONS (CONT'D)

Particulars of the options granted in 2004, 2008, 2010, 2011 and 2012 were set out in the Report of the Directors for the financial years ended December 31, 2004, December 31, 2008, December 31, 2010, December 31, 2011, and December 31, 2012 respectively.

On January 11, 2013, the Company granted options to subscribe for 17,826,000 ordinary shares of the Company at exercise price of $0.018 per share to a non-executive director.

e) Options granted to directors of the Company under the 2003 Scheme were as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to December 31, 2013	Aggregate options exercised since commencement of the Scheme to December 31, 2013	Aggregate options lapsed since commencement of the scheme to December 31, 2013	Aggregate options outstanding at December 31, 2013
Philip Eng Heng Nee	17,826,000	74,283,000	(24,602,000)	(12,326,000)	37,355,000
Ong Ghim Choon	-	15,000,000	(10,000,000)	-	5,000,000
	17,826,000	89,283,000	(34,602,000)	(12,326,000)	42,355,000

f) During the financial year, no options were granted to any Directors or employees of the Group or its associated companies except for the options mentioned above. No employee held more than 5% of the total number of options available under the 2003 Scheme. No shares were issued at a discount to the market price.

g) At the end of the financial year, there were no unissued shares of the subsidiaries under option.

h) The 2003 Scheme expired on January 12, 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.

7 WARRANTS

Pursuant to the Offer Information Statement dated September 1, 2011, the Company issued rights shares with 4 free detachable warrants for every 1 rights share on the basis of 1 rights share for every 3 existing ordinary shares in the Company held by shareholders.

A total of 1,579,555,914 rights shares and 6,318,223,656 warrants were issued and were listed and quoted on the Singapore Exchange Securities Trading Limited on September 27, 2011 and September 28, 2011 respectively.

As at December 31, 2013, a total of 3,761,784,195 (2012 : 4,240,534,927) warrants were outstanding.

Report of the Directors

8 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Philip Eng Heng Nee

....
Ong Ghim Choon

March 31, 2014

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 41 to 97 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....
Philip Eng Heng Nee

....
Ong Ghim Choon

March 31, 2014

Independent Auditors' Report

TO THE MEMBERS OF mDR LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of mDR Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2013, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 97.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 31, 2014

Statements of Financial Position

December 31, 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
ASSETS					
Current assets					
Cash and bank balances	6	18,501	17,620	5,292	9,902
Trade receivables	7	28,101	25,564	3,154	5,240
Other receivables and prepayments	8	5,708	4,186	17,587	14,153
Inventories	9	24,528	22,001	1,222	2,509
Total current assets		76,838	69,371	27,255	31,804
Non-current assets					
Investment in subsidiaries	10	-	-	21,142	14,436
Plant and equipment	11	4,601	2,843	731	846
Other investments	12	-	-	-	-
Goodwill	13	5,344	2,350	-	-
Intangible asset	14	2,916	-	-	-
Total non-current assets		12,861	5,193	21,873	15,282
Total assets		89,699	74,564	49,128	47,086
LIABILITIES AND EQUITY					
Current liabilities					
Short-term bank borrowings	15	4,000	-	-	-
Trade payables	16	18,811	14,911	2,678	4,175
Other payables	17	11,595	9,099	3,851	2,337
Current portion of finance leases	18	432	86	71	68
Income tax payable		882	1,483	-	-
Total current liabilities		35,720	25,579	6,600	6,580
Non-current liabilities					
Finance leases	18	1,225	459	289	360
Deferred tax liabilities	19	206	225	-	-
Total non-current liabilities		1,431	684	289	360
Capital, reserves and non-controlling interests					
Share capital	21	135,873	132,856	135,873	132,856
Capital reserve	22	(859)	(859)	22	22
Share options reserve	23	1,538	1,548	1,538	1,548
Foreign currency translation reserve		100	168	-	-
Accumulated losses		(84,589)	(85,976)	(95,194)	(94,280)
Equity attributable to owners of the Company		52,063	47,737	42,239	40,146
Non-controlling interests		485	564	-	-
Total equity		52,548	48,301	42,239	40,146
Total liabilities and equity		89,699	74,564	49,128	47,086

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2013

	Note	2013 $'000	2012 $'000
Revenue	24	348,203	319,684
Cost of sales	25	(313,096)	(287,193)
Gross profit		35,107	32,491
Other operating income	26	1,151	1,443
Administrative expenses		(21,939)	(18,712)
Other operating expenses	27	(10,842)	(8,785)
Finance costs	28	(132)	(36)
Profit before income tax		3,345	6,401
Income tax expense	29	(274)	(778)
Profit for the year	32	3,071	5,623
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		(73)	1
Reclassification of currency translation reserves on disposals of subsidiaries	30	-	(33)
Other comprehensive loss for the year, net of tax		(73)	(32)
Total comprehensive income for the year		2,998	5,591
Profit attributable to:			
Owners of the Company		3,375	5,516
Non-controlling interests		(304)	107
		3,071	5,623
Total comprehensive income attributable to:			
Owners of the Company		3,307	5,484
Non-controlling interests		(309)	107
		2,998	5,591
Earnings per share (cents):			
- Basic	34	0.04	0.08
- Diluted	34	0.03	0.05

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2013

	Share capital $'000	Capital reserve $'000	Share options reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
Group								
Balance at January 1, 2012	122,117	(859)	1,590	200	(89,416)	33,632	506	34,138
Total comprehensive income for the year								
Profit for the year	-	-	-	-	5,516	5,516	107	5,623
Other comprehensive income for the year	-	-	-	(32)	-	(32)	-	(32)
Total	-	-	-	(32)	5,516	5,484	107	5,591
Transactions with owners, recognised directly in equity								
Issue of shares upon share options exercised (Note 21)	352	-	(98)	-	-	254	-	254
Issue of shares upon conversion of warrants (Note 21)	10,387	-	-	-	-	10,387	-	10,387
Dividends (Note 33)	-	-	-	-	(2,076)	(2,076)	-	(2,076)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(49)	(49)
Recognition of share-based payments (Note 23)	-	-	56	-	-	56	-	56
Total	10,739	-	(42)	-	(2,076)	8,621	(49)	8,572
Balance at December 31, 2012	132,856	(859)	1,548	168	(85,976)	47,737	564	48,301

Statements of Changes in Equity

Year ended December 31, 2013

	Share capital $'000	Capital reserve $'000	Share options reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
Group								
Balance at January 1, 2013	132,856	(859)	1,548	168	(85,976)	47,737	564	48,301
Total comprehensive income for the year								
Profit for the year	-	-	-	-	3,375	3,375	(304)	3,071
Other comprehensive income for the year	-	-	-	(68)	-	(68)	(5)	(73)
Total	-	-	-	(68)	3,375	3,307	(309)	2,998
Transactions with owners, recognised directly in equity								
Issue of shares upon share options exercised (Note 21)	153	-	(42)	-	-	111	-	111
Reversal of expenses related to equity settled share-based payment (Note 23)	-	-	(29)	-	29	-	-	-
Issue of shares upon conversion of warrants (Note 21)	2,394	-	-	-	-	2,394	-	2,394
Issue of shares for settlement of professional fees (Note 21)	470	-	-	-	-	470	-	470
Dividends (Note 33)	-	-	-	-	(2,017)	(2,017)	-	(2,017)
Dividends to non-controlling interest	-	-	-	-	-	-	(19)	(19)
Non-controlling interests arising from incorporation of subsidiary	-	-	-	-	-	-	249	249
Recognition of share-based payments (Note 23)	-	-	61	-	-	61	-	61
Total	3,017	-	(10)	-	(1,988)	1,019	230	1,249
Balance at December 31, 2013	135,873	(859)	1,538	100	(84,589)	52,063	485	52,548

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2013

	Share capital $'000	Capital reserve $'000	Share options reserve $'000	Accumulated losses $'000	Total $'000
Company					
Balance at January 1, 2012	122,117	22	1,590	(95,472)	28,257
Profit for the year, representing total comprehensive income for the year	-	-	-	3,268	3,268
Transactions with owners, recognised directly in equity					
Issue of shares upon share options exercised (Note 21)	352	-	(98)	-	254
Issue of shares upon conversion of warrants (Note 21)	10,387	-	-	-	10,387
Dividends (Note 33)	-	-	-	(2,076)	(2,076)
Recognition of share-based payments (Note 23)	-	-	56	-	56
Total	10,739	-	(42)	(2,076)	8,621
Balance at December 31, 2012	132,856	22	1,548	(94,280)	40,146
Balance at January 1, 2013	132,856	22	1,548	(94,280)	40,146
Profit for the year, representing total comprehensive income for the year	-	-	-	1,074	1,074
Transactions with owners, recognised directly in equity					
Issue of shares upon share options exercised (Note 21)	153	-	(42)	-	111
Reversal of expenses related to equity settled share-based payment (Note 23)	-	-	(29)	29	-
Issue of shares upon conversion of warrants (Note 21)	2,394	-	-	-	2,394
Issue of shares for settlement of professional fees (Note 21)	470	-	-	-	470
Dividends (Note 33)	-	-	-	(2,017)	(2,017)
Recognition of share-based payments (Note 23)	-	-	61	-	61
Total	3,017	-	(10)	(1,988)	1,019
Balance at December 31, 2013	135,873	22	1,538	(95,194)	42,239

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2013

	2013 $'000	2012 $'000
Operating activities		
Profit before income tax	3,345	6,401
Adjustments for:		
Amortisation expense	162	-
Depreciation expense	1,535	1,116
Interest expense	132	36
Interest income	(16)	(7)
Loss (Gain) on disposal of plant and equipment	12	(23)
Plant and equipment written off	85	242
Allowance for inventories	2,203	653
Inventories written off	22	-
Bad debts written off – trade	-	3
Bad debts written off – non-trade	-	3
Allowance for doubtful trade receivables	75	-
Allowance for doubtful other receivables	25	-
Share-based payments	61	56
Gain arising from de-consolidation of disposed subsidiaries	-	(94)
Liabilities written back	(186)	-
Net foreign exchange (gains) losses	(63)	1
Operating cash flows before movements in working capital	7,392	8,387
Trade receivables	273	(1,654)
Other receivables and prepayments	(1,393)	(959)
Inventories	(4,329)	(7,101)
Trade payables	3,381	(35)
Other payables	(932)	(2,567)
Cash generated from (used in) operations	4,392	(3,929)
Income tax paid	(972)	(567)
Interest received	16	7
Net cash from (used in) operating activities	3,436	(4,489)

Consolidated Statement of Cash Flows

Year ended December 31, 2013

	2013 $'000	2012 $'000
Investing activities		
Proceeds from disposal of plant and equipment	98	127
Purchase of customers list	(3,078)	-
Cash contribution from non-controlling interests of MDR Myanmar Co., Ltd.	249	-
Purchase of plant and equipment (Note A)	(1,848)	(1,195)
Net cash outflow on acquisition of subsidiary (Note 31)	(2,571)	-
Net cash used in investing activities	(7,150)	(1,068)
Financing activities		
Interest paid	(132)	(36)
Proceeds from issuance of ordinary shares, net	2,975	10,641
Proceeds from bank borrowings	4,000	-
Repayment of obligations under finance leases	(277)	(81)
Cash pledged	-	2,000
Dividends paid to non-controlling interest	-	(49)
Dividends paid to shareholders	(2,017)	(2,076)
Net cash from financing activities	4,549	10,399
Net increase in cash and cash equivalents	835	4,842
Cash and cash equivalents at beginning of year	17,620	12,778
Cash and cash equivalents at end of financial year (Note B)	18,455	17,620

Notes to the consolidated statement of cash flows

A. Purchase of plant and equipment:

During the financial year, the Group acquired plant and equipment with an aggregate cost of $2,345,000 (2012 : $1,195,000) of which $497,000 (2012 : $Nil) was acquired under finance lease arrangements.

B. Cash and cash equivalents at end of financial year:

	2013 $'000	2012 $'000
Cash and bank balances (Note 6)	18,501	17,620
Less: Cash pledged (Note 6)	(46)	-
Cash and cash equivalents	18,455	17,620

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2013

1 GENERAL

a) The Company (Registration No. 200009059G) is incorporated in the Republic of Singapore with its registered office and principal place of business at 53 Ubi Crescent, Singapore 408594. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollar.

b) The principal activities of the Company are that of investment holding and provision of after-market services for mobile communication devices and consumer electronic products.

c) The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements respectively.

d) The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2013 were authorised for issue by the Board of Directors on March 31, 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2013, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations.

The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years except as disclosed below:

FRS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, and renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

At the date of authorisation of these financial statements, the following amendments to FRS that is relevant to the Group and the Company was issued but not effective:

- Amendments to FRS 36 *Impairment of Assets*

The management anticipates that the adoption of the above amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of its initial adoption.

The Group has early adopted FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements* and FRS 112 *Disclosure of Interests in Other Entities*, as well as the consequential amendments to FRS 110, FRS 111, FRS 112, FRS 27 *Separate Financial Statements* (2011) and FRS 28 *Investments in Associates and Joint Ventures* (2011), with a date of initial application of January 1, 2013.

FRS 110 *Consolidated Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation - Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

Taking into account the new definition of control and the additional guidance set out in FRS 110, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. As a result, the Group re-assessed the control over its investees as at January 1, 2013 and the change in accounting policy has no impact to the recognised assets, liabilities, profit or loss and other comprehensive income of the Group and the Company for the comparative period.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Group has expanded disclosures relating to its interests in subsidiaries in Note 10. Other than the additional disclosures, the application of FRS 112 does not have any material impact on the amounts recognised in the consolidated financial statements.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition–related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collaterised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories consist principally of spare parts, handsets, accessories, prepaid cards and raw materials that are stated at the lower of cost and net realisable value. Cost comprises direct materials. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

PLANT AND EQUIPMENT – Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computers and computer system	-	20% to $33^1/_3$%
Other plant and equipment	-	10% to 20%
Motor vehicles	-	20%
Furniture, fittings and renovation	-	10% to $33^1/_3$%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

GOODWILL ON CONSOLIDATION AND OTHER GOODWILL ("GOODWILL") - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

IMPAIRMENT OF TANGIBLE AND NON-TANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SHARE-BASED PAYMENTS - The Group issues equity-settled payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve (share options reserve).

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of after-market services, including retrofit services and repair management services is recognised when the services are completed.

Revenue from rendering of distribution management services is recognised when the services are completed.

Other management fees are recognised when services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the outstanding principal and at the applicable effective interest rate.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the exchange rates prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are subject to an insignificant risk of changes in value.

Notes to Financial Statements

December 31, 2013

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

The following is the critical judgment, apart from those involving estimations, that the management has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Controls over Golden Myanmar Sea Company Ltd ("GMS Myanmar") and Golden Myanmar Sea (S) Pte Ltd ("GMS Singapore")

Note 10 describes that GMS Myanmar and GMS Singapore are the subsidiaries of the Group even though the Group has no equity ownership interest and voting rights in these subsidiaries.

In determining control, the management assessed whether the Group has the ability to direct the relevant activities of these companies. The management has determined that the Group has acquired de facto control over these two companies via its subsidiary, MDR Myanmar Co., Ltd. ("MDR Myanmar"), has the ability to direct the relevant activities of both GMS Myanmar and GMS Singapore, and the rights to variable returns from its involvement with these entities and the ability to affect those returns through its power over the entities.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $5.34 million (2012 : $2.35 million).

Allowance for inventories

In determining the net realisable value of the inventories, an estimation of the net realisable value of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates took into consideration the historical trend in the usability of these inventories. However, if the actual use differs from these estimates, there may be a material impact on the financial statements of the Group. The carrying amount of inventories as at December 31, 2013 is disclosed in Note 9 to the financial statements.

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of these investments. The value in use calculation requires the Company to estimate the future cash flows expected from these investments and a suitable discount rate in order to calculate present value. Management has evaluated the recoverability of these investments based on such estimates. The carrying amount of investments in subsidiaries is disclosed in Note 10 to the financial statements.

Notes to Financial Statements

December 31, 2013

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Impairment of intangible asset

Determining whether intangible asset is impaired requires an estimation of the value in use of the customers list. The value in use calculation requires the entity to estimate the future cash flows expected to arise from such customers list and a suitable discount rate in order to calculate the present value. The carrying amount of the intangible asset at the end of the reporting period was $2.9 million (2012 : $Nil).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assets				
Loans and receivables (including cash and bank balances)	51,952	47,183	25,946	29,238
Financial liabilities				
Amortised cost	36,063	24,555	6,889	6,940

(b) *Financial risk management policies and objectives*

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

(i) Foreign exchange risk management

The Group operates in Asia with dominant operations in Singapore and Malaysia. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions. This risk is managed through natural hedges as revenue denominated in foreign currency is partly matched with corresponding costs in the same foreign currency.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(i) Foreign exchange risk management (cont'd)

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations.

At the end of the reporting period, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
United States Dollar	(1,148)	(98)	3,914	248	(53)	(14)	1,876	237
Malaysia Ringgit	(3,145)	-	-	-	(3,145)	-	-	-

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency weakens by 5% against the functional currency of each entity in the Group, profit will decrease (increase) by:

	US Dollar impact		Malaysian Ringgit impact	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Group				
Profit or loss	138	8	(157)	-
Company				
Profit or loss	91	11	(157)	-

If the respective currencies strengthen by 5% against the functional currency of each entity in the Group, there will be an equal and opposite impact on profit before tax as above.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(ii) Interest rate risk management

Summary quantitative data of the Group's and Company's interest-bearing financial instruments can be found in Section (iv) of this Note. The Group's policy is to maintain cash equivalents and borrowings in fixed rate instruments.

The Group's and the Company's profit and loss and equity are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interest and are measured as amortised cost.

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and bank balances and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation taking account of the counterparty's payment profile and credit exposure.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. Further details of credit risks on receivables are disclosed in Notes 7 and 8 to the financial statements.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due. The Group's strategy to manage liquidity risk is to ensure that the Group has sufficient funds to meet its potential liabilities as they fall due. This strategy has not changed from prior periods.

Liquidity and interest risk analyses

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted payments.

Financial assets

	Average effective interest rate %	On demand or within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	* Adjustment $'000	Total $'000
Group						
2013						
Non-interest bearing	-	51,952	-	-	-	51,952
2012						
Non-interest bearing	-	47,183	-	-	-	47,183
Company						
2013						
Non-interest bearing	-	17,676	-	-	-	17,676
Interest-bearing	3.00 to 6.25	8,498	-	-	(228)	8,270
		26,174	-	-	(228)	25,946
2012						
Non-interest bearing	-	26,073	-	-	-	26,073
Interest-bearing	3.00	3,259	-	-	(94)	3,165
		29,332	-	-	(94)	29,238

* The adjustment column represents the possible future cash flows attributable to the instalment included in the maturity analysis which is not included in the carrying amount of the financial asset in the statement of financial position.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Financial liabilities

	Average effective interest rate %	On demand or within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	* Adjustment $'000	Total $'000
Group						
2013						
Short term bank borrowings	2.29 to 2.94	4,020	-	-	(20)	4,000
Trade and other payables	-	30,159	-	-	-	30,159
Interest-bearing (fixed rate)	6.25	251	-	-	(4)	247
Finance lease (fixed rate)	2.73 to 3.71	521	1,347	-	(211)	1,657
		34,951	1,347	-	(235)	36,063
2012						
Trade and other payables	-	24,010	-	-	-	24,010
Finance lease (fixed rate)	2.73	112	448	65	(80)	545
		24,122	448	65	(80)	24,555
Company						
2013						
Trade and other payables	-	6,529	-	-	-	6,529
Finance lease (fixed rate)	2.73	88	315	-	(43)	360
		6,617	315	-	(43)	6,889
2012						
Trade and other payables	-	6,512	-	-	-	6,512
Finance lease (fixed rate)	2.73	88	352	51	(63)	428
		6,600	352	51	(63)	6,940

* The adjustment column represents the possible future cash flows attributable to the instalment included in the maturity analysis which is not included in the carrying amount of the financial liability in the statement of financial position.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(v) Fair value of financial assets and financial liabilities

The Group had no financial assets or liabilities carried at fair value in 2012 and 2013.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses.

The Group's management reviews the capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues or the redemption of existing debt. The Group's overall strategy remains unchanged from 2012.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, group entities entered into the following trading transactions with related parties:

	Group	
	2013 $'000	2012 $'000
Nature of transactions		
Director:		
Introducer fee	97	-
Advisory fee	48	-
Director fee and bonus (acting as director of a subsidiary)	16	-
Transactions with companies owned by common directors:		
Expenses paid on behalf of the Group	10	35
Rental expenses	435	435
Transactions with related party that is not a member of the Group:		
Sales of goods	240	-
Interest expense (Note 28)	7	-

Notes to Financial Statements

December 31, 2013

5 RELATED PARTY TRANSACTIONS (CONT'D)

Sales of goods to related party were made at the Group's usual list prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2013 $'000	2012 $'000
Short-term benefits	1,289	1,585
Post-employment benefits	45	51
Share-based payments	61	51
	1,395	1,687

The remuneration of directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash and bank balances	18,501	17,620	5,292	9,902
Shown as:				
Cash and bank balances	18,455	17,620	5,292	9,902
Cash pledged	46	-	-	-
	18,501	17,620	5,292	9,902

7 TRADE RECEIVABLES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Outside parties	19,438	16,572	2,940	4,906
Accrued income	9,002	9,400	39	334
Subsidiaries	-	-	175	-
	28,440	25,972	3,154	5,240
Less: Allowances for doubtful trade receivables (outside parties)	(339)	(408)	-	-
	(339)	(408)	-	-
	28,101	25,564	3,154	5,240

Notes to Financial Statements
December 31, 2013

7 TRADE RECEIVABLES (CONT'D)

The average credit period on sales is 30 days (2012 : 30 days). Allowance for doubtful debts are recognised against receivables over 90 days based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

The Company's trade receivables due from subsidiaries are interest-free and repayable on demand.

The Group's customers mainly comprise of reputable and well established telecom operators and equipment principals. Before accepting any new customer, the Group will assess the potential customer's credit quality. Limits are monitored periodically by management. At the end of the reporting period, approximately 55% (2012 : 71%) of the Group's trade receivables were due from 3 customers that have good credit record with the Group.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The credit risk is limited.

Included in the Group's trade receivable balance are debtors with a carrying amount of $10,825,000 (2012 : $8,325,000) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Movement in allowances:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At beginning of year	408	408	-	13
Charge to profit or loss (Note 27)	75	-	-	-
Written off during the year	(144)	-	-	(13)
At end of year	339	408	-	-

The table below is an analysis of trade receivables as at December 31:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not past due and not impaired	17,276	17,239	2,850	4,593
Past due but not impaired (i)	10,825	8,325	304	647
	28,101	25,564	3,154	5,240
Impaired receivables - individually assessed (ii)	339	408	-	-
Less: Allowance for doubtful debts	(339)	(408)	-	-
Total trade receivables, net	28,101	25,564	3,154	5,240

Notes to Financial Statements

December 31, 2013

7 TRADE RECEIVABLES (CONT'D)

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(i) Aging of receivables that are past due but not impaired				
1 to 30 days	5,563	4,034	57	496
31 to 60 days	1,204	320	51	86
>61 days	4,058	3,971	196	65
Total	10,825	8,325	304	647

(ii) These amounts are stated before any deduction for impairment losses and are not secured by any collateral or credit enhancements.

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deposits	2,280	2,143	169	164
Prepayments	358	187	87	57
Staff advances	5	-	-	-
Outside parties	3,124	1,890	141	147
	5,767	4,220	397	368
Subsidiaries	-	-	22,260	18,768
	5,767	4,220	22,657	19,136
Less: Allowances for doubtful other receivables				
- subsidiaries	-	-	(5,025)	(4,983)
- others	(59)	(34)	(45)	-
	(59)	(34)	(5,070)	(4,983)
	5,708	4,186	17,587	14,153

Included in amount due from subsidiaries are:

i) advances of $6,871,000 (2012 : $3,165,000) that are unsecured, bear interest at 3% (2012 : 3%) per annum and are repayable on demand.

ii) a loan of $1,399,000 (2012 : $Nil) that is secured by way of fixed and floating charges over the entire assets of a subsidiary under a contractual arrangement (Note 10). The loan bears interest at 6.25% (2012 : Nil%) per annum and is repayable on March 31, 2014.

The remaining amount due from subsidiaries is unsecured, interest-free and repayable on demand.

The carrying amount due from subsidiaries and third parties are neither past due nor impaired at the reporting date.

Notes to Financial Statements

December 31, 2013

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Movement in allowance:				
At beginning of year	34	100	4,983	5,127
Charge (Reversal) to profit or loss (Note 27)	25	-	87	(95)
Written off during the year	-	(66)	-	(49)
At end of year	59	34	5,070	4,983

The allowance for doubtful debts has been determined by taking into consideration recovery prospects and past default experience.

9 INVENTORIES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Spare parts, handsets, accessories, prepaid cards and raw materials, carried at net realisable value after the following allowances	24,528	22,001	1,222	2,509
Movement in allowances:				
At beginning of year	865	1,005	117	102
Charge to profit or loss (Note 27)	2,203	653	119	46
Written off during the year	(745)	(793)	(7)	(31)
At end of year	2,323	865	229	117

10 INVESTMENT IN SUBSIDIARIES

	Company	
	2013 $'000	2012 $'000
Unquoted equity shares, at cost	31,127	24,421
Impairment loss	(9,985)	(9,985)
	21,142	14,436
Movement in impairment loss:		
At beginning of year	9,985	10,325
Written off during the year	-	(340)
At end of year	9,985	9,985

Notes to Financial Statements

December 31, 2013

10 INVESTMENT IN SUBSIDIARIES (CONT'D)

The Company had previously carried out a review of the recoverable amounts of its investment in subsidiaries where there is indication that the investments have suffered an impairment loss. The review led to the recognition of an impairment loss mainly determined from value in use calculations. The management is of the view that no provision for impairment loss is required for current year and the recoverable amounts of the investment in subsidiaries are not lower than their respective carrying amounts. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on an estimated growth rate of 2% to 20% (2012 : 2%).

The pre-tax discount rate of 6.85% (2012 : 7.93%) per annum has been applied to the cash flow forecasts.

As at December 31, 2013, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the investment in subsidiaries.

In 2012, the Company had written off impairment loss amounting to $340,000 pursuant to the disposal and de-registration of active companies and dormant subsidiaries.

The principal activities of the subsidiaries are the provision of after-market services for mobile equipment and consumer electronic products; distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards; the provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions, and investment holding.

Details of the subsidiaries are as follows:

Subsidiaries	Cost of investment		Proportion of ownership interest and voting power held		Country of incorporation and operations
	2013 $'000	2012 $'000	2013 %	2012 %	
Accord Customer Care Solutions Philippines, Inc. [3]	125	125	100	100	Philippines
Distribution Management Solutions Pte. Ltd. [1]	17,074	17,074	97.53	97.53	Singapore
Shenzhen Quanli Leather (S) Pte Ltd (formerly known as mDR (S) Pte Ltd) [(a)(1)]	6,394	6,394	100	100	Singapore
A Mobile (M) Sdn. Bhd.[2]	828	828	100	100	Malaysia
Pixio Sdn. Bhd. [(b)(4)]	6,448	-	100	-	Malaysia
MDR Myanmar Co., Ltd. [3]	258	-	51	-	Myanmar
Golden Myanmar Sea Company Ltd. [3]	-	-	-	-	Myanmar
Golden Myanmar Sea (S) Pte Ltd. [3]	-	-	-	-	Singapore
	31,127	24,421			

Notes to Financial Statements

December 31, 2013

10 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) mDR (S) Pte Ltd, a wholly owned subsidiary of the Company, has changed its name to Shenzhen Quanli Leather (S) Pte Ltd ("Quanli Singapore") consequent to the purchase of the customers list of Quanli (Hong Kong) Leather Company and exclusive distribution of products manufactured by Shenzhen Quanli Leather Co. Ltd. Quanli Singapore has started operations in December 2013.

(b) On July 1, 2013, the Company acquired 2,000,000 ordinary shares in Pixio Sdn. Bhd. ("Pixio"), representing 100% of the total issued share capital of Pixio. The aggregate consideration of the acquisition, which was arrived on an arm's length basis and on a willing buyer and willing seller basis, was RM16,200,000 (equivalent to S$6,448,000) and will be fully satisfied by cash (Note 31).

Subsidiaries	Proportion of ownership interest and voting power held		Country of incorporation and operations
	2013 %	2012 %	
Subsidiaries of Distribution Management Solutions Pte Ltd			
SDS Pte. Ltd. (1)	97.53	97.53	Singapore
A-Mobile Pte. Ltd. (1)	97.53	97.53	Singapore
3 Mobile Telecom Pte. Ltd. (1)	97.53	97.53	Singapore
HandphoneShop Pte. Ltd. (1)	97.53	97.53	Singapore
NBRC Pte. Ltd. (1)	97.53	97.53	Singapore
World of Gadgets Pte. Ltd. (1)	97.53	97.53	Singapore

Auditors of subsidiaries for 2013:

(1) Deloitte & Touche LLP, Singapore.

(2) Adrian Yeo & Co, Malaysia.

(3) No audited accounts are prepared as these companies were dormant or insignificant during the year. Management accounts have been used for consolidation purposes.

(4) Deloitte & Touche, Kuala Lumpur.

The net tangible assets and pre-tax profits (losses) of the subsidiaries referred to in Notes (2) and (3) above are less than 20% of the net tangible assets and pre-tax profits of the Group at the financial year end.

Notes to Financial Statements

December 31, 2013

10 INVESTMENT IN SUBSIDIARIES (CONT'D)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries held by the Company	
		December 31, 2013	December 31, 2012
Provision of after-market services	Philippines	1	1
Sale of mobile telecommunication equipment and mobile related services, and prepaid cards	Singapore	1	1
	Malaysia	1	1
Provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions	Malaysia	1	-
		4	3

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries held by the Group	
		December 31, 2013	December 31, 2012
Provision of after-market services	Myanmar	1	-
Sale of mobile telecommunication equipment and mobile related services, and prepaid cards	Singapore	8	7
	Myanmar	1	-
		10	7

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group are disclosed in below.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		December 31, 2013 %	December 31, 2012 %	December 31, 2013 $'000	December 31, 2012 $'000	December 31, 2013 $'000	December 31, 2012 $'000
MDR Myanmar Co., Ltd	Myanmar	49	-	(3)	-	242	-
Golden Myanmar Sea Company Ltd. (Note A)	Myanmar	100	-	(196)	-	(197)	-
Golden Myanmar Sea (S) Pte Ltd. (Note A)	Singapore	100	-	(163)	-	(164)	-
Distribution Management Solutions Pte. Ltd. and its subsidiaries	Singapore	2.47	2.47	58	107	604	564
Total				(304)	107	485	564

Notes to Financial Statements

December 31, 2013

10 INVESTMENT IN SUBSIDIARIES (CONT'D)

Note A

In 2013, the Company set up a joint-venture company MDR Myanmar Co., Ltd. ("MDR Myanmar") with three other partners to provide after-market services and consultancy services to a related company, Golden Myanmar Sea Company Ltd ("GMS Myanmar"), in Myanmar. GMS Myanmar and Golden Myanmar Sea (S) Pte Ltd ("GMS Singapore") are owned by two Myanmese shareholders, one of whom is a director of MDR Myanmar. GMS Myanmar is involved in the retail and distribution of mobile communication equipment in Myanmar, while GMS Singapore functions as a buying house for GMS Myanmar. The three above companies commenced active operations towards fourth quarter of 2013.

Although the Company does not own any of the equity shares of GMS Myanmar and GMS Singapore, and consequently does not control any of the voting power of those shares, the directors concluded that it has acquired de facto control over these two companies via MDR Myanmar on the basis that the Group has the power to direct the relevant activities of both GMS Myanmar and GMS Singapore, and has rights to variable returns from its involvement with these entities in the form of interest from the loan extended to GMS Singapore (Note 8), and has the ability to affect those returns through its power over the entities. Accordingly, the financial position and results of GMS Myanmar and GMS Singapore are included in the consolidated financial statements with effect from October 2013.

Notes to Financial Statements

December 31, 2013

10 INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The following table shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests ("NCI") before intra-group eliminations.

2013

	MDR Myanmar Co., Ltd.	Golden Myanmar Sea Company Ltd.	Golden Myanmar Sea (S) Pte Ltd.	Distribution Management Solutions Pte. Ltd and its Subsidiaries
NCI Percentage	49%	100%	100%	2.47%
	$'000	**$'000**	**$'000**	**$'000**
Non-current assets	2	101	4	4,580
Current assets	525	517	2,277	56,651
Non-current liabilities	-	-	-	(260)
Current liabilities	(33)	(815)	(2,445)	(36,529)
Net assets (Net liabilities)	494	(197)	(164)	24,442
Equity attributable to owners of the Company	252	-	-	23,838
NCI	242	(197)	(164)	604
Revenue	23	126	619	306,973
Expenses	(31)	(322)	(782)	(304,612)
Net (loss) profit for the year	(8)	(196)	(163)	2,361
Net (loss) profit attributable to owners of the Company	(5)	-	-	2,303
Net (loss) profit allocated to NCI	(3)	(196)	(163)	58
Net (loss) profit for the year	(8)	(196)	(163)	2,361
Other comprehensive loss attributable to owners of the Company	(3)	-	-	-
Other comprehensive loss attributable to the NCI	(3)	(1)	(1)	-
Other comprehensive loss for the year	(6)	(1)	(1)	-
Total comprehensive (loss) income attributable to owners of the Company	(8)	-	-	2,303
Total comprehensive (loss) income attributable to the NCI	(6)	(197)	(164)	58
Total comprehensive (loss) income for the year	(14)	(197)	(164)	2,361
Dividend payable to NCI	-	-	-	19
Cash flows (used in) from operating activities	(295)	161	(1,659)	1,504
Cash flows used in investing activities	(5)	(113)	(4)	(1,305)
Cash flows from (used in) financing activities, before dividends to NCI	508	(14)	1,670	2,088
Net increase in cash and cash equivalents	208	34	7	2,287

Notes to Financial Statements

December 31, 2013

10 INVESTMENT IN SUBSIDIARIES (CONT'D)

2012

	MDR Myanmar Co., Ltd.	Golden Myanmar Sea Company Ltd.	Golden Myanmar Sea (S) Pte Ltd.	Distribution Management Solutions Pte. Ltd and its Subsidiaries
NCI Percentage	-%	-%	-%	2.47%
	$'000	**$'000**	**$'000**	**$'000**
Non-current assets	-	-	-	4,345
Current assets	-	-	-	51,384
Non-current liabilities	-	-	-	(297)
Current liabilities	-	-	-	(32,599)
Net assets	-	-	-	22,833
Equity attributable to owners of the Company	-	-	-	22,269
NCI	-	-	-	564
Revenue	-	-	-	291,105
Expenses	-	-	-	(286,750)
Net profit representing total comprehensive income for the year	-	-	-	4,355
Total comprehensive income attributable to owners of Company	-	-	-	4,248
Total comprehensive income attributable to the NCI	-	-	-	107
Total comprehensive income for the year	-	-	-	4,355
Dividends paid to NCI	-	-	-	49
Cash flows used in operating activities	-	-	-	(3,711)
Cash flows used in investing activities	-	-	-	(688)
Cash flows from financing activities, before dividends to NCI	-	-	-	1,193
Net decrease in cash and cash equivalents	-	-	-	(3,206)

Financial support

As at December 31, 2013, the Company and a related party have provided short-term secured loans to Golden Myanmar Sea (S) Pte Ltd. ("GMS Singapore") to meet its short-term obligations. The loan is secured by way of fixed and floating charges over the entire assets of GMS Singapore under a contractual arrangement. The carrying amount of the recoverable owing from the subsidiary to the Company is $1,399,000 (Note 8).

Notes to Financial Statements

December 31, 2013

11 PLANT AND EQUIPMENT

	Computers and computer system $'000	Other plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovation $'000	Total $'000
Group					
Cost:					
At January 1, 2012	3,193	547	1,024	3,609	8,373
Additions	415	98	133	549	1,195
Disposals	(17)	(29)	(137)	(684)	(867)
At December 31, 2012	3,591	616	1,020	3,474	8,701
Additions	180	800	290	1,075	2,345
Acquisition of a subsidiary (Note 31)	91	1,821	170	53	2,135
Exchange differences	(2)	(66)	(4)	(2)	(74)
Disposals/ Write-off	(208)	(39)	(165)	(322)	(734)
At December 31, 2013	3,652	3,132	1,311	4,278	12,373
Accumulated depreciation:					
At January 1, 2012	3,002	201	143	1,917	5,263
Depreciation	156	56	188	716	1,116
Disposals / Write-off	(16)	(13)	(36)	(456)	(521)
At December 31, 2012	3,142	244	295	2,177	5,858
Depreciation	210	292	234	799	1,535
Acquisition of a subsidiary (Note 31)	49	794	64	44	951
Exchange differences	(2)	(28)	(2)	(1)	(33)
Disposals/ Write-off	(208)	(29)	(61)	(241)	(539)
At December 31, 2013	3,191	1,273	530	2,778	7,772
Carrying amount:					
At December 31, 2013	461	1,859	781	1,500	4,601
At December 31, 2012	449	372	725	1,297	2,843

The carrying amount of the Group's plant and equipment includes an amount of $1,654,000 (2012 : $567,000) secured in respect of assets held under finance leases.

Notes to Financial Statements
December 31, 2013

11 PLANT AND EQUIPMENT (CONT'D)

	Computers and computer system $'000	Other plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovation $'000	Total $'000
Company					
Cost:					
At January 1, 2012	1,905	60	590	71	2,626
Additions	350	7	-	34	391
Disposals	(11)	(17)	-	(2)	(30)
At December 31, 2012	2,244	50	590	103	2,987
Additions	108	49	-	14	171
Disposals	(198)	(38)	-	(18)	(254)
At December 31, 2013	2,154	61	590	99	2,904
Accumulated depreciation:					
At January 1, 2012	1,879	27	42	24	1,972
Depreciation	54	5	102	24	185
Disposals	(5)	(10)	-	(1)	(16)
At December 31, 2012	1,928	22	144	47	2,141
Depreciation	116	8	127	24	275
Disposals	(197)	(28)	-	(18)	(243)
At December 31, 2013	1,847	2	271	53	2,173
Carrying amount:					
At December 31, 2013	307	59	319	46	731
At December 31, 2012	316	28	446	56	846

The carrying amount of the Company's plant and equipment includes an amount of $319,000 (2012 : $446,000) secured in respect of assets held under finance leases.

Notes to Financial Statements

December 31, 2013

12 OTHER INVESTMENTS

	Group	
	2013 $'000	2012 $'000
At cost:		
Unquoted equity shares	750	750
Impairment loss	(750)	(750)
	-	-

The above investments held by the Group are stated at cost less impairment loss as a reasonable estimate of its fair value could not be made.

13 GOODWILL

	Group	
	2013 $'000	2012 $'000
Cost:		
At beginning of year	8,672	8,672
Arising on acquisition of a subsidiary (Note 31)	2,994	-
At end of year	11,666	8,672
Impairment:		
At beginning and end of year	6,322	6,322
Carrying amount:		
At beginning of year	2,350	2,350
At end of year	5,344	2,350

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group	
	2013 $'000	2012 $'000
Mobile communication devices (comprised several CGUs):		
distribution management solutions businesses and related assets	8,672	8,672
Digital Inkjet Printing for Out-Of-Home Advertising Solutions:		
Pixio Sdn. Bhd. (single CGU)	2,994	-
	11,666	8,672

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Notes to Financial Statements

December 31, 2013

13 GOODWILL (CONT'D)

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years and beyond based on an estimated growth rate of 2% (2012 : 2%). This growth rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the cash flow forecasts is 6.85% (2012 : 7.93%) per annum.

As at December 31, 2013, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of goodwill.

For the year ended December 31, 2013 and 2012, no impairment loss was recognised.

14 INTANGIBLE ASSET

	Group
	Customers list $'000
Cost:	
Additions during the year and at December 31, 2013	3,078
Amortisation:	
Amortisation for the year and at December 31, 2013 (Note 27)	162
Carrying amount:	
At December 31, 2013	2,916
At December 31, 2012	-

During the year, the Group has recognised $3.1 million of intangible asset arising from the purchase of customers list from Quanli (Hong Kong) Leather Company, to be amortised over a period of 38 months.

15 SHORT-TERM BANK BORROWINGS

	Group	
	2013 $'000	2012 $'000
Unsecured – at amortised cost		
Trust receipts	4,000	-

The trust receipts are repayable within 90 days. Fixed interest rates ranging between 2.29% and 2.94% per annum are charged on the trust receipts and the trust receipts are guaranteed by the Company.

Notes to Financial Statements

December 31, 2013

16 TRADE PAYABLES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Outside parties	18,811	14,911	2,678	4,175

Trade payables principally comprise amounts outstanding for trade purchases.

The average credit period on purchase of goods is 30 days (2012 : 30 days). The Group and the Company have financial risk management policies in place to ensure that all payables are within the credit timeframe.

17 OTHER PAYABLES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Accrued expenses	8,197	9,099	3,851	1,714
Deferred payment for acquisition of Pixio (Note 31)	3,145	-	-	-
Subsidiaries	-	-	-	623
Related party (Note 5)	253	-	-	-
	11,595	9,099	3,851	2,337

Amount payable to subsidiaries was unsecured, interest-free and repayable on demand.

Included in amount due to related party is a loan of $247,000 (2012 : $Nil) that is secured by way of fixed and floating charges over the entire assets of a subsidiary under a contractual arrangement (Note 10). The loan bears interest at 6.25% (2012 : Nil%) per annum and is repayable on March 31, 2014.

18 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Amounts payable under finance leases:				
Within one year	521	112	432	86
In the second to fifth years inclusive	1,347	448	1,225	395
After fifth year	-	65	-	64
	1,868	625	1,657	545
Less: Future finance charges	(211)	(80)	N/A	N/A
Present value of lease obligations	1,657	545	1,657	545
Less: Amount due for settlement within 12 months (shown under current liabilities)			(432)	(86)
Amount due for settlement after 12 months			1,225	459

Notes to Financial Statements

December 31, 2013

18 FINANCE LEASES (CONT'D)

	Company			
	Minimum lease payments		Present value of minimum lease payments	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Amounts payable under finance leases:				
Within one year	88	88	71	68
In the second to fifth years inclusive	315	352	289	310
After fifth year	-	51	-	50
	403	491	360	428
Less: Future finance charges	(43)	(63)	N/A	N/A
Present value of lease obligations	360	428	360	428
Less: Amount due for settlement within 12 months (shown under current liabilities)			(71)	(68)
Amount due for settlement after 12 months			289	360

The average lease term is between 5 and 7 years. For the year ended December 31, 2013, the average effective borrowing rate was between 2.73% and 3.71% (2012 : 2.73%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in the functional currencies of the respective entities.

The fair value of the Group's lease obligations approximates their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

19 DEFERRED TAX LIABILITIES

	Group	
	2013 $'000	2012 $'000
At beginning of year	225	154
Charge (Credit) to profit or loss (Note 29)		
Current year	4	(17)
(Over) Under provision in respect of prior years	(23)	88
At end of year	206	225

The balance comprises mainly the tax effect of the excess of tax depreciation over book depreciation of plant and equipment.

At the reporting date, temporary differences associated with the undistributed earnings of one subsidiary for which deferred tax liabilities have not been recognised is $484,000 (2012 : $Nil). No liability has been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Notes to Financial Statements

December 31, 2013

20 DEFINED CONTRIBUTION PLANS

The employees of the Company and its subsidiaries that are located in Singapore and Malaysia are members of the state-managed retirement benefit plan as operated by the respective Governments of those countries. The Company and the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group and the Company with respect to the retirement benefit plan is to make the specific contributions.

The total expense recognised in profit or loss of $1,380,000 (2012 : $1,178,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2013, the outstanding contributions was $509,000 (2012 : $541,000).

21 SHARE CAPITAL

	Group and Company			
	2013	2012	2013	2012
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	8,446,831,386	6,318,223,657	132,856	122,117
Issue of shares upon share options exercised (Note 23)	18,233,000	50,919,000	153	352
Issue of shares for settlement of advisory fees	38,076,555	-	470	-
Issue of shares upon conversion of warrants	478,750,732	2,077,688,729	2,394	10,387
At end of year	8,981,891,673	8,446,831,386	135,873	132,856

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

Pursuant to the Offer Information Statement dated September 1, 2011, the Company issued rights shares with 4 free detachable warrants for every 1 rights share on the basis of 1 rights share for every 3 existing ordinary shares in the Company held by shareholders.

Each warrant carries the right to subscribe for one new share in the capital of the Company at an exercise price of $0.005 for each new share on the basis of one rights share with four warrants for every three existing shares in the capital of the Company.

A total of 1,579,555,914 rights shares and 6,318,223,656 warrants were issued and were listed and quoted on the Singapore Exchange Securities Trading Limited on September 27, 2011 and September 28, 2011 respectively.

As at December 31, 2013, a total of 3,761,784,195 (2012 : 4,240,534,927) warrants were outstanding.

At the end of the financial year, pursuant to the Company's mDR Share Option Scheme 2003 as disclosed in paragraph 6 of the Report of the Directors, there were 53,832,133 (2012 : 55,539,274) unissued ordinary shares of the Company under option.

Notes to Financial Statements

December 31, 2013

22 CAPITAL RESERVE

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Redemption of convertible redeemable preference shares	22	22	22	22
Effect of acquiring part of non-controlling interest in a subsidiary	(881)	(881)	-	-
	(859)	(859)	22	22

23 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the market price ("Market Price Options") determined at grant date. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20%. The vesting period is 1 year for market price options and 2 years for options issued at a discount. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options holders may exercise any unexercised options within 1 month from the last date of employment after which, options are forfeited.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2013		2012	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	55,539,274	0.086	77,366,274	0.062
Granted during the year	17,826,000	0.018	29,092,000	0.007
Exercised during the year	(18,233,000)	0.006	(50,919,000)	0.005
Expired/Forfeited during the year	(1,300,141)	0.097	-	-
Outstanding at the end of the year	53,832,133	0.090	55,539,274	0.086
Exercisable at the end of the year	17,462,133	0.252	20,442,274	0.222

The weighted average share price at the date of exercise for share options exercised during the year was $0.015 (2012 : $0.013). The options outstanding at the end of the year have a weighted average remaining contractual life of 3 years (2012 : 4 years).

In 2013, options were granted on January 11. The estimated fair values of the options granted on that date were $0.0046 to $0.0076 (2012 : $0.0012 to $0.0022, $0.0030 to $0.0048 and $0.0021 to $0.0033) respectively.

These fair values of the share options granted during the year were calculated using the Black-Scholes pricing model.

Notes to Financial Statements

December 31, 2013

23 SHARE-BASED PAYMENTS (CONT'D)

The inputs into the model were as follows:

	Group	
	2013	2012
Weighted average share price	$0.018	$0.007
Weighted average exercise price	$0.018	$0.007
Expected volatility	66%	61% to 72%
Expected life	1 to 3	1 to 3
Risk free rate	2.25% to 3.63%	2.25% to 3.63%
Expected dividend yield	1.56%	0% to 3.11%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company recognised a total expenses of $61,000 (2012 : $56,000) related to equity-settled share-based payment transactions and reversed $29,000 (2012 : $Nil) from share options reserve for share options expired during the year.

The share option scheme expired on January 12, 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.

24 REVENUE

	Group	
	2013 $'000	2012 $'000
After-market services income	35,961	28,144
Distribution management solutions income		
Sale of goods	254,215	235,058
Incentive income	53,636	56,482
	307,851	291,540
Digital inkjet printing income	4,391	-
	348,203	319,684

After-market services income refers to revenue from provision of after-market services for mobile equipment and consumer electronic products, and sales of parts and accessories.

Distribution management solutions income refers to revenue from the sale of mobile telecommunication equipment and mobile related services, and prepaid cards.

Digital inkjet printing income refers to revenue from provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions.

Notes to Financial Statements

December 31, 2013

25 COST OF SALES

Cost of sales represents cost of inventory recognised as an expense.

26 OTHER OPERATING INCOME

	Group	
	2013 $'000	2012 $'000
Rental income	763	1,080
Interest income on bank deposits	16	7
Liabilities written back	186	-
Bad debt recovered – trade	3	-
Bad debt recovered – non-trade	-	11
Gain on disposal of a subsidiary (Note 30)	-	94
Others	183	251
	1,151	1,443

27 OTHER OPERATING EXPENSES

	Group	
	2013 $'000	2012 $'000
Minimum lease payments under operating leases	6,759	6,746
Loss (Gain) on disposal of plant and equipment	12	(23)
Plant and equipment written off	85	242
Allowance for inventories (Note 9)	2,203	653
Inventories written off	22	-
Allowance for doubtful trade receivables (Note 7)	75	-
Allowance for doubtful other receivables (Note 8)	25	-
Bad debts written off – trade	-	3
Bad debts written off – non-trade	-	3
Amortisation expense (Note 14)	162	-
Depreciation expense (Note 11)	1,535	1,116
Foreign currency exchange (gain) loss	(36)	45
	10,842	8,785

28 FINANCE COSTS

	Group	
	2013 $'000	2012 $'000
Interest on bank loans and overdrafts	70	5
Interest on obligations under finance leases	55	31
Interest on loan from a related party (Note 5)	7	-
	132	36

29 INCOME TAX EXPENSE

	Group	
	2013 $'000	2012 $'000
Current tax	636	806
Deferred tax (Note 19)	4	(17)
	640	789
(Over) Under provision in respect of prior years		
- current tax	(343)	(99)
- deferred tax	(23)	88
Tax expense	274	778

Domestic income tax is calculated at 17% (2012 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2013 $'000	2012 $'000
Profit before tax:	3,345	6,401
Numerical reconciliation of income tax expense		
Income tax expense calculated at 17% (2012 : 17%)	569	1,088
Non-deductible items	20	73
Non-taxable items	(47)	(185)
Effect of utilisation of tax losses not recognised as deferred tax assets	(21)	(71)
Effect of different tax rate of subsidiaries operating in other jurisdictions	78	(10)
Tax exempt income	(124)	(108)
Others	165	2
	640	789
Overprovision in prior years - current tax	(343)	(99)
(Over) Under provision in prior years – deferred tax	(23)	88
Net	274	778

Subject to agreement with the relevant tax authorities, the Group has unabsorbed tax losses of $14,162,000 (2012 : $14,904,000) available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of $2,408,000 (2012 : $2,534,000) have not been recognised in the financial statements due to unpredictability of future profit stream.

Notes to Financial Statements

December 31, 2013

30 GAIN ON DISPOSAL OF A SUBSIDIARY

In 2012, the Company commenced liquidation of its wholly-owned subsidiary mDRL (M) Sdn. Bhd. The liquidation was completed in 2013.

Details of the disposal are as follows:

	2012 $'000
Book values of net assets over which control was lost	
Current assets	
Trade and other receivables	2
Total current assets	2
Current liabilities	
Trade and other payables	(63)
Net liabilities derecognised	(61)
Total consideration, satisfied by cash	-
Gain on disposal:	
Consideration received	-
Net liabilities derecognised	61
Reclassification of currency translation reserve	33
Gain on disposal (Note 26)	94

31 ACQUISITION OF SUBSIDIARY

On July 1, 2013, the Group acquired 100% of the issued share capital of Pixio Sdn. Bhd. ("Pixio") for cash consideration of RM16,200,000 (equivalent to $6,448,000). This transaction has been accounted for by the acquisition method of accounting.

Pixio is an entity incorporated in Malaysia with its principal activity being the provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions. The Group acquired Pixio for immediate access to new market and customers and a new revenue stream.

(a) Total Consideration (at acquisition date fair values)

	$'000
Cash paid	3,231
Deferred payment	3,217
Total	6,448

The outstanding payment of $3,217,000 was revalued to $3,145,000 at the end of the reporting period (Note 17).

Acquisition-related costs amounting to $186,000 and $145,000 have been excluded from the consideration transferred, and have been recognised as an expense within the "administrative expenses" and "other operating expenses" line items respectively in the statement of profit or loss and other comprehensive income.

31 ACQUISITION OF SUBSIDIARY (CONT'D)

(b) Assets acquired and liabilities assumed at the date of acquisition

	$'000
Current assets	
Cash and cash equivalents	660
Cash pledged	46
Trade and other receivables	3,039
Inventories	423
Total current assets	4,168
Non-current asset	
Plant and equipment	1,184
Current liabilities	
Trade and other payables	898
Finance leases	268
Income tax payable	78
Total current liabilities	1,244
Non-current liabilities	
Finance leases	654
Net assets acquired and liabilities assumed	3,454

(c) Goodwill arising on acquisition

	$'000
Total consideration	6,448
Less: Fair value of identifiable net assets acquired	(3,454)
Goodwill arising on acquisition (Note 13)	2,994

Goodwill arose in the acquisition of Pixio because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The Group also acquired the customer lists and customer relationships of Pixio as part of the acquisition. These assets could not be identified separately because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts. Consequently, they are subsumed into goodwill.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Notes to Financial Statements

December 31, 2013

31 ACQUISITION OF SUBSIDIARY (CONT'D)

(d) Net cash outflow on acquisition of subsidiary

	$'000
Consideration paid in cash	6,448
Less: Deferred payment	(3,217)
Less: Cash and cash equivalents acquired	(660)
	2,571

(e) Impact of acquisition of the results of the subsidiary

Included in the profit for the year is $1,141,000 attributable to the additional business generated by Pixio. Revenue for the period from Pixio amounted to $4,391,000.

Had the business acquisition during the year been effected at January 1, 2013, the revenue of the Group would have been $352,795,000, and the profit for the year would have been $3,918,000.

32 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2013 $'000	2012 $'000
Depreciation and amortisation:		
Amortisation of intangible asset	162	-
Depreciation of plant and equipment	1,535	1,116
Total depreciation and amortisation	1,697	1,116
Directors' remuneration:		
- of the Company	538	646
- of the subsidiaries	260	-
Total directors' remuneration	798	646
Directors' fees:		
- of the Company	214	224
- of the subsidiaries	7	-
Total directors' fees	221	224

Notes to Financial Statements

December 31, 2013

32 PROFIT FOR THE YEAR (CONT'D)

	Group	
	2013 $'000	2012 $'000
Employee benefits expense (including directors' remuneration):		
Share-based payments equity settled	61	56
Defined contribution plans	1,380	1,178
Others	16,416	13,987
Total employee benefits expense*	17,857	15,221
Audit fees paid to the auditors of the Company*	197	178
Non-audit fees paid to the auditors of the Company*	31	146
Audit fees paid to other auditors*	15	-
Impairment loss on financial assets:		
Allowance for doubtful trade receivables	75	-
Allowance for doubtful other receivables	25	-
Total impairment loss on financial assets	100	-
Net foreign exchange (gain) loss	(36)	45

* These expenses are included in the line item "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

33 DIVIDENDS

On May 22, 2013, a dividend of 0.023 cents per share (total dividend of $2,017,000) was paid to shareholders. On May 22, 2012, the dividend paid was 0.028 cents per share (total dividend $2,076,000).

In respect of the current year, the directors propose that a dividend up to $1 million be paid to shareholders on May 22, 2014. This dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on May 8, 2014.

As at the date that the Company made its Full Year Results Announcement on February 27, 2014, on the basis that no warrants are converted and no employee share options are exercised before May 8, 2014, the dividend per share will be 0.011 cents for the proposed dividend of $1 million. However, if all outstanding warrants of 3,761,784,195 and employee share options of 15,581,000 are converted and exercised respectively before May 8, 2014, the dividend per share will be reduced to approximately 0.0078 cents per share for the proposed dividend up to $1 million.

Notes to Financial Statements

December 31, 2013

34 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

Earnings

	Group	
	2013 $'000	2012 $'000
Earnings for the purposes of basic earnings per share and diluted earnings per share (Profit for the year attributable to owners of the Company)	3,375	5,516

Number of shares

	Group	
	2013	2012
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,782,494,735	7,306,161,886
Effect of dilutive potential ordinary shares:		
Share options	16,242,194	23,540,561
Warrants	2,767,211,877	3,073,563,143
Weighted average number of ordinary shares for the purposes of diluted earnings per share	11,565,948,806	10,403,265,590

35 GUARANTEES (UNSECURED)

a) The Group has outstanding banker's guarantee amounting to $2,000,000 (2012 : $2,000,000) issued in favour of an equipment principal, entered in the normal course of business and under supply agreements.

b) A subsidiary has issued a corporate guarantee amounting to $2,000,000 (2012 : $2,000,000) in favour of an equipment principal for a supply agreement entered into by a related company.

c) The Group has outstanding banker's guarantee amounting to $1,000,000 (2012 : $1,000,000) issued in favour of an operator, entered in the normal course of business and under service agreements.

Notes to Financial Statements

December 31, 2013

36 OPERATING LEASE ARRANGEMENTS

	Group	
	2013 $'000	2012 $'000
Minimum lease payments under operating leases recognised as an expense during the year	6,759	6,746

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2013 $'000	2012 $'000
Within one year	5,849	6,791
In the second to fifth year inclusive	4,835	3,235
	10,684	10,026

Operating lease payments represent rentals payable by the Group for its office premises and service centres. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

37 SEGMENT INFORMATION

For management purposes, the Group is organised into three business segments, After-Market Services ("AMS") and Distribution Management Solutions ("DMS") and Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS"). DPAS is a new segment of the Group as a result of the acquisition of Pixio Sdn. Bhd. on July 1, 2013.

AMS provides after market service for mobile equipment and consumer electronic products; DMS is a distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards, and DPAS provides digital inkjet printing for point-of-sale and out-of-home advertising solutions.

The segments are the basis which the Group reports information to the Group's chief operating decision maker for the purposes of resource allocation and assessment of the segment information.

Notes to Financial Statements

December 31, 2013

37 SEGMENT INFORMATION (CONT'D)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Group				
	AMS $'000	**DMS $'000**	**DPAS $'000**	**Unallocated $'000**	**Total $'000**
2013					
Segment revenue					
External	35,961	307,851	4,391	-	348,203
Inter-segment	-	-	-	-	-
	35,961	307,851	4,391	-	348,203
Segment result	(1,766)	3,192	1,264	-	2,690
Rental income	-	763	-	-	763
Net foreign exchange gain					36
Loss on disposal of plant and equipment					(12)
Finance costs					(132)
Net profit for the year					3,345
Income tax expense					(274)
Net profit for the year					3,071
Segment assets	10,792	69,350	9,557	-	89,699
Segment liabilities	(6,934)	(26,887)	(2,242)	(1,088)	(37,151)
Other segment information					
Capital expenditure	173	1,460	712	-	2,345
Amortisation and depreciation	275	1,173	249	-	1,697

Notes to Financial Statements

December 31, 2013

37 SEGMENT INFORMATION (CONT'D)

	Group			
	AMS $'000	DMS $'000	Unallocated $'000	Total $'000
2012				
Segment revenue				
External	28,144	291,540	-	319,684
Inter-segment	-	-	-	-
	28,144	291,540	-	319,684
Segment result	(849)	6,134	-	5,285
Rental income	-	1,080	-	1,080
Gain on disposal of a subsidiary	94	-	-	94
Net foreign exchange loss				(45)
Gain on disposal of plant and equipment				23
Finance costs				(36)
Net profit for the year				6,401
Income tax expense				(778)
Net profit for the year				5,623
Segment assets	18,564	56,000	-	74,564
Segment liabilities	(6,385)	(18,170)	(1,708)	(26,263)
Other segment information				
Capital expenditure	391	804	-	1,195
Depreciation	185	931	-	1,116

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year 2013 and 2012.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

Notes to Financial Statements

December 31, 2013

37 SEGMENT INFORMATION (CONT'D)

All assets are allocated to reportable segments.

Geographical information

	Revenue from external customers	
	2013 $'000	2012 $'000
Singapore	343,664	318,432
Malaysia	4,391	1,252
Myanmar	148	-
	348,203	319,684

	Non-current assets	
	2013 $'000	2012 $'000
Singapore	8,232	5,191
Malaysia	4,526	2
Myanmar	103	-
	12,861	5,193

Information about major customers

Included in revenues arising from After-Market Services are revenues of $34,935,000 (2012 : $27,218,000) and $451,000 (2012 : $432,000) which arose from sales to the segment's two major customers.

Included in revenues arising from Distribution Management Solutions are revenues of $33,460,000 (2012 : $32,325,000) and $30,092,000 (2012 : $22,674,000) which arose from sales to the segment's two major customers.

Included in revenues arising from DPAS are revenues of $702,000 (2012 : $Nil) and $495,000 (2012 : $Nil) which arose from sales to the segment's two major customers.

Statistics of Shareholdings

As at 25 March 2014

Number of Issued and Paid Up Capital	: S$136,009,122
Class of Shares	: Ordinary
Voting Rights	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	229	1.93	79,294	0.00
1,000 - 10,000	1,777	15.02	11,482,201	0.13
10,001 - 1,000,000	8,816	74.51	1,926,923,757	21.41
1,000,001 AND ABOVE	1,010	8.54	7,059,775,330	78.46
TOTAL	11,832	100.00	8,998,260,582	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	BANK OF SINGAPORE NOMINEES PTE. LTD.	550,200,996	6.11
2	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	401,738,564	4.46
3	LIM CHIN TONG	259,385,185	2.88
4	CHONG SHIN LEONG	185,000,000	2.06
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	164,302,999	1.83
6	DBS NOMINEES (PRIVATE) LIMITED	161,533,363	1.80
7	TAN HOR THYE	161,092,337	1.79
8	HSBC (SINGAPORE) NOMINEES PTE LTD	151,227,000	1.68
9	TAN KAH BOH ROBERT@TAN KAH BOO	127,000,000	1.41
10	OCBC SECURITIES PRIVATE LIMITED	124,923,209	1.39
11	HONG LEONG FINANCE NOMINEES PTE LTD	119,510,000	1.33
12	CIMB SECURITIES (SINGAPORE) PTE. LTD.	117,481,583	1.31
13	CITIBANK NOMINEES SINGAPORE PTE LTD	110,729,900	1.23
14	YEO HWEE CHING ALICE	99,228,000	1.10
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	97,698,980	1.09
16	HO SENG TUCK	95,165,000	1.06
17	UOB KAY HIAN PRIVATE LIMITED	93,090,333	1.03
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	91,531,227	1.02
19	KORDAMENTHA PTE LTD	82,348,600	0.92
20	KOH KOW TEE MICHAEL	80,000,000	0.89
	TOTAL	3,273,187,276	36.39

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Approximately 93.03% of the Company's shares are held by the public and Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Statistics of Warrantholdings

As at 25 March 2014

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 999	88	8.73	46,339	0.00
1,000 - 10,000	42	4.17	255,400	0.01
10,001 - 1,000,000	646	64.09	188,795,408	5.03
1,000,001 AND ABOVE	232	23.01	3,565,409,048	94.96
TOTAL	1,008	100.00	3,754,506,195	100.00

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	856,770,256	22.82
2	BANK OF SINGAPORE NOMINEES PTE. LTD.	451,175,664	12.02
3	CHONG SHIN LEONG	375,000,000	9.99
4	DB NOMINEES (SINGAPORE) PTE LTD	141,363,596	3.77
5	UOB KAY HIAN PRIVATE LIMITED	107,120,000	2.85
6	WONG KINGCHEUNG KEVIN	100,984,000	2.69
7	KOH KOW TEE MICHAEL	95,000,000	2.53
8	WANG QI	82,000,000	2.18
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	62,213,660	1.66
10	KORDAMENTHA PTE LTD	60,000,000	1.60
11	NEO BAN CHUAN	60,000,000	1.60
12	LAU HWEE BENG	57,001,000	1.52
13	LIM SONG TENG	56,850,000	1.51
14	LIM CHIN TONG	49,000,184	1.31
15	CIMB SECURITIES (SINGAPORE) PTE. LTD.	38,339,332	1.02
16	PHILLIP SECURITIES PTE LTD	25,999,324	0.69
17	OCBC SECURITIES PRIVATE LIMITED	22,493,332	0.60
18	LIM BOON HUA	20,980,000	0.56
19	CITIBANK NOMINEES SINGAPORE PTE LTD	20,004,332	0.53
20	BOEY SHOOK FAN CAROLINE	20,000,000	0.53
	TOTAL	**2,702,294,680**	**71.98**

WARRANTS THAT ARE HELD BY DIRECTORS

NO.	NAME	NO. OF WARRANTS	%
1	Ong Ghim Choon	433,986,664[1]	11.56
2	Mah Kah On	10,000,000	0.27

[1] Held through his nominee, Bank of Singapore Nominees Pte Ltd.

Notice of Annual General Meeting

mDR LIMITED
(Company Registration No. 200009059G)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Thirteenth (13th) Annual General Meeting of mDR Limited (the "**Company**") will be held at The Chevrons, Violet Room, Level 3, 48 Boon Lay Way, Singapore 609961 on Wednesday, 30 April 2014 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited Financial Statements of the Company for the year ended 31 December 2013 together with the Auditors' Report thereon. **(Resolution1)**

2. To declare a total tax exempt (one-tier tax) first and final cash dividend of S$1,000,000 for the year ended 31 December 2013. (2012: $2,017,000).

   [See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Mr Ong Ghim Choon, a Director of the Company retiring pursuant to Article 90 of the Articles of Association of the Company: **(Resolution 3)**

   (Mr Ong Ghim Choon will, upon re-election as a Director of the Company, remain as Chief Executive Officer of the Company and will be considered non-independent.)

4. To note the retirement of Mr Tham Khai Wor, a Director of the Company retiring pursuant to Article 90 of the Articles of Association of the Company and who being eligible for re-election, has given notice to the Company of his intention of not seeking re-election.

5. To approve the payment of up to S$269,000 as Directors' fees for the year ending 31 December 2014, to be paid quarterly in arrears (2013: S$259,000). **(Resolution 4)**

6. To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix the auditors' remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without any modifications, the following resolutions as Ordinary Resolutions:

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Chapter. 50 and the Mainboard Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

Notice of Annual General Meeting

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Mainboard Listing Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 6)**

8. To transact any other business that may be properly transacted at an Annual General Meeting.

By Order of the Board

Chiang Chai Foong
Company Secretary
Singapore, 11 April 2014

Notice of Annual General Meeting

Explanatory Notes on Ordinary and Special Businesses to be transacted:

(i) The Ordinary Resolution 2 in item 2 above, if passed, will allow the Company to pay a total tax exempt (one-tier tax) first and final cash dividend of S$1,000,000. The dividend per share will be determined based on the total number of issued shares capital of the Company as at Book Closure Date. The issued shares as at 31 March 2014 is 9,019,343,582. On the basis that no warrants are converted and no employee share options are exercised prior to Book Closure Date, the dividend per share will be S$0.011 cents. However, if all outstanding warrants of 3,733,423,195 and employee share options of 15,581,000 are converted and exercised respectively, before Book Closure Date, the dividend per share will be reduced to approximately S$0.007 cents.

(ii) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

2. The duly executed instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at **53 Ubi Crescent, Singapore 408594** not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Transfer Book and the Register of Members of the Company will be closed from 8 May 2014 after 5.00 p.m. to 9 May 2014 for the purpose of determining members' entitlements to the tax exempt (one-tier tax) first and final dividend (the "**Proposed Dividend**").

Duly completed registrable transfers received by the Company's share registrar, Boardroom Corporate and Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 8 May 2014 will be registered to determine members' entitlements to the Proposed Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 8 May 2014 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the Thirteenth (13th) Annual General Meeting to be held on 30 April 2014, will be paid on 22 May 2014.

MDR Limited

Company Registration No. 200009059G
(Incorporated In the Republic of Singapore)

IMPORTANT:

For investors who have used their CPF monies to buy mDR Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

ANNUAL GENERAL MEETING

PROXY FORM

(IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM.)

I/We*,____________________ (Name) NRIC/Passport No.____________________

of ____ (Address)

being a member(s) of mDR Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

and/or*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our behalf* at the Thirteenth (13th) Annual General Meeting (the "**Meeting**") of the Company to be held at The Chevrons, Violet Room, Level 3, 48 Boon Lay Way, Singapore 609961 on Wednesday, 30 April 2014 at 3.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick (√) within the box provided.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1.	Directors' Report and Audited Accounts for the year ended 31 December 2013		
2.	Declaration of total tax exempt (one-tier tax) first and final cash dividends of S$1,000,000 for the year ended 31 December 2013		
3.	Re-election of Mr Ong Ghim Choon as a Director		
4.	Approval of Directors' fees of up to S$269,000 for the year ending 31 December 2014, to be paid quarterly in arrears		
5.	To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration		
Special Business			
6.	Authority to issue new Shares		

Dated this _____day of______ 2014

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)/
*Common Seal of Corporate Shareholder**

* **Delete accordingly**

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **53 Ubi Crescent, Singapore 408594** (Attn.: **Company Secretary**, Tel.: 6347 8934) not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

MDR Limited

Affix
Stamp

Company Secretary
mDR Limited
53 Ubi Crescent
Singapore 408594

Company Registration No. 200009059G
53 Ubi Crescent, Singapore 408594
Telephone: +65 6347 8911, Fax: +65 6347 8903
www.m-dr.com