



MDR Limited

mDR Limited

**Second Quarter Financial Statements for the Period Ended 30 June 2013**

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

In S\$'000	Notes	2Q-13	2Q-12	Inc/(Dec) %	YTD-13	YTD-12	Inc/(Dec) %
<b>Revenue</b>	1	78,912	70,550	12%	160,828	143,564	12%
Cost of sales	1	<u>(70,986)</u>	<u>(63,296)</u>	12%	<u>(144,660)</u>	<u>(128,320)</u>	13%
<b>Gross profit</b>	1	7,926	7,254	9%	16,168	15,244	6%
Other income	2	238	335	-29%	542	769	-30%
Administrative expenses	3	(5,320)	(4,430)	20%	(10,823)	(8,869)	22%
Other operating expenses	4	(2,225)	(2,260)	-2%	(4,237)	(4,433)	-4%
Finance costs	5	<u>(14)</u>	<u>(8)</u>	75%	<u>(27)</u>	<u>(16)</u>	69%
Total expenses		(7,559)	(6,698)	13%	(15,087)	(13,318)	13%
<b>Profit before income tax</b>		605	891	-32%	1,623	2,695	-40%
Income tax expenses	6	<u>(103)</u>	<u>(69)</u>	49%	<u>(259)</u>	<u>(316)</u>	-18%
<b>Profit for the period</b>		502	822	-39%	1,364	2,379	-43%
<b>Other comprehensive income</b>							
Currency translation differences arising from consolidation		<u>3</u>	<u>1</u>	200%	<u>3</u>	<u>1</u>	200%
<b>Other comprehensive profit for the period, net of tax</b>		3	1	200%	3	1	200%
<b>Total comprehensive income for the period</b>		<u>505</u>	<u>823</u>	-39%	<u>1,367</u>	<u>2,380</u>	-43%
<b>Profit attributable to:</b>							
Owners of the Company		489	812	-40%	1,330	2,341	-43%
Non-controlling interests		<u>13</u>	<u>10</u>	30%	<u>34</u>	<u>38</u>	-11%
<b>Total comprehensive income</b>		<u>502</u>	<u>822</u>	-39%	<u>1,364</u>	<u>2,379</u>	-43%
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		492	813	-39%	1,333	2,342	-43%
Non-controlling interests		<u>13</u>	<u>10</u>	30%	<u>34</u>	<u>38</u>	-11%
		<u>505</u>	<u>823</u>	-39%	<u>1,367</u>	<u>2,380</u>	-43%

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

The Group operates in two business segments – After Market Services (“AMS”) and Distribution Management Solutions (“DMS”). The breakdown of revenue and cost of goods sold and spare parts are as follows:

<b>In S\$'000</b>	<b>2Q-13</b>	<b>2Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
<b>Revenue</b>				
AMS	7,875	5,857	19,132	11,957
DMS	71,037	64,693	141,696	131,607
	<u>78,912</u>	<u>70,550</u>	<u>160,828</u>	<u>143,564</u>
<b>Cost of goods sold and spare parts</b>				
AMS	(6,129)	(4,364)	(15,243)	(9,215)
DMS	(64,857)	(58,932)	(129,417)	(119,105)
	<u>(70,986)</u>	<u>(63,296)</u>	<u>(144,660)</u>	<u>(128,320)</u>
<b>Gross profit</b>				
AMS	1,746	1,493	3,889	2,742
DMS	6,180	5,761	12,279	12,502
	<u>7,926</u>	<u>7,254</u>	<u>16,168</u>	<u>15,244</u>
<b>GP%</b>				
AMS	22%	25%	20%	23%
DMS	9%	9%	9%	9%
	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>11%</u>

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

<b>In S\$'000</b>	<b>2Q-13</b>	<b>2Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
Interest income	3	3	11	6
Rental income	192	282	389	625
Bad debts recovered - non-trade	-	11	-	11
Liabilities written back	20	-	88	-
Others	23	39	54	127
	<u>238</u>	<u>335</u>	<u>542</u>	<u>769</u>

**Note 3 Administrative expenses**

The administrative expenses comprise mainly staff cost.

<b>In S\$'000</b>	<b>2Q-13</b>	<b>2Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
<b>Staff Cost</b>				
AMS	1,305	864	2,926	1,687
DMS	2,566	2,315	4,902	4,821
Management and HQ support staff costs (including Directors' fees)	596	454	1,197	920
	<u>4,467</u>	<u>3,633</u>	<u>9,025</u>	<u>7,428</u>

Included in staff cost is share option expense of \$13,000 and \$28,000 in 2Q-13 and YTD-13 respectively (2Q-12: \$9,000 and YTD-12: \$33,000).

With a 34% and 60% increase in AMS revenue in Q2-13 and YTD-13 respectively compared to the corresponding periods in 2012, AMS staff cost had also increased, due to a higher headcount required to support the increased repair volume.

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

In S\$'000	2Q-13	2Q-12	YTD-13	YTD-12
Rental expenses	1,718	1,793	3,373	3,434
Depreciation expenses	308	276	601	558
Plant and equipment written off	1	11	1	108
(Gain) Loss on disposal of plant and equipment	(1)	(4)	1	(24)
Allowance for inventories	192	165	259	329
Inventories written off	10	-	10	-
Foreign exchange loss	(3)	19	(8)	28
	<u>2,225</u>	<u>2,260</u>	<u>4,237</u>	<u>4,433</u>

**Note 5** Finance costs

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

**Note 6** Income tax expenses

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

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

In S\$'000	Notes	Group		Company	
		30-Jun-13	31-Dec-12	30-Jun-13	31-Dec-12
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		24,116	17,620	12,522	9,902
Trade receivables	1	22,237	25,564	3,006	5,240
Other receivables and prepayments	2	5,676	4,186	12,164	14,153
Inventories	3	23,769	22,001	1,532	2,509
<b>Total current assets</b>		<u>75,798</u>	<u>69,371</u>	<u>29,224</u>	<u>31,804</u>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	14,467	14,436
Plant and equipment		2,773	2,843	819	846
Other goodwill		2,350	2,350	-	-
<b>Total non-current assets</b>		<u>5,123</u>	<u>5,193</u>	<u>15,286</u>	<u>15,282</u>
<b>Total assets</b>		<u>80,921</u>	<u>74,564</u>	<u>44,510</u>	<u>47,086</u>
<b>Current liabilities</b>					
Short-term bank borrowings		2,800	-	-	-
Trade payables	4	18,917	14,911	2,323	4,175
Other payables	5	7,254	9,099	1,487	2,337
Current portion of finance leases		87	86	69	68
Income tax payable		1,357	1,483	-	-
<b>Total current liabilities</b>		<u>30,415</u>	<u>25,579</u>	<u>3,879</u>	<u>6,580</u>
<b>Non-current liabilities</b>					
Finance leases		415	459	326	360
Deferred tax liabilities		225	225	-	-
<b>Total non-current liabilities</b>		<u>640</u>	<u>684</u>	<u>326</u>	<u>360</u>
<b>Capital, reserves and non-controlling interests</b>					
Share capital		135,085	132,856	135,085	132,856
Capital reserve		(859)	(859)	22	22
Share options reserve		1,505	1,548	1,505	1,548
Foreign currency translation reserve		171	168	-	-
Accumulated losses		(86,634)	(85,976)	(96,307)	(94,280)
<b>Equity attributable to owners of the Company</b>		<u>49,268</u>	<u>47,737</u>	<u>40,305</u>	<u>40,146</u>
Non-controlling interests		598	564	-	-
<b>Total equity</b>		<u>49,866</u>	<u>48,301</u>	<u>40,305</u>	<u>40,146</u>
<b>Total liabilities and equity</b>		<u>80,921</u>	<u>74,564</u>	<u>44,510</u>	<u>47,086</u>

## Notes

### 1 Trade receivables

The Group's trade receivables turnover as at 30 June 2013 is 27 days (31 December 2012: 28 days).

### 2 Other receivables and prepayments

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

<b>S\$'000</b>	<b>30-Jun-13</b>	<b>31-Dec-12</b>
Rental deposits	1,884	2,008
Other receivables	2,867	1,856
Prepayments	129	187

Other receivables of \$2.9 million as at 30 June 2013 mainly comprised credit notes of \$1.7 million to be received from principals in relation to sell through, advertising and promotion support and advanced payment of \$0.5 million for purchase of goods.

### 3 Inventories

The Group's inventory turnover for the period ended 30 June 2013 is 28 days (31 December 2012: 24 days).

Group's inventories as at 30 June 2013 is \$23.8 million (31 December 2012: \$22.0 million), with the increase in inventory holding mainly due to higher handset purchases towards period end.

### 4 Trade payables

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

### 5 Other payables

The Group's other payables consist of the following:

<b>S\$'000</b>	<b>30-Jun-13</b>	<b>31-Dec-12</b>
Advertising, promotion and sell through funds from principals	1,814	2,714
Other payables to third parties	826	698
Accrued staff costs	1,178	1,561
Rebates owing to franchisees	1,376	1,321
Accrued purchases	97	244
Other accrued operating expenses	1,105	1,227

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

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

As at 30-Jun-13		As at 31-Dec-12	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
2,887	-	86	-

**Amount repayable after one year**

As at 30-Jun-13		As at 31-Dec-12	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
415	-	459	-

**Details of collateral**

The secured borrowings comprise of:

- (a) Outstanding finance lease of \$0.5 million on certain motor vehicles.
- (b) Loans in the form of trust receipts and are guaranteed by Company.

**1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b>In S\$'000</b>	<b>2Q-13</b>	<b>2Q-12</b>	<b>YTD-13</b>	<b>YTD-12</b>
<b>Operating activities</b>				
Profit before income tax	605	891	1,623	2,695
Adjustments for:				
Depreciation expenses	308	276	601	558
Interest expenses	14	8	27	16
Interest income	(3)	(3)	(11)	(6)
(Gain) Loss on disposal of plant and equipment	(1)	(4)	1	(24)
Plant and equipment written off	1	11	1	108
Allowance for inventories	192	165	259	329
Inventories written off	10	-	10	-
Employee share-based payments	13	9	28	33
Liabilities written back	(20)	-	(88)	-
Net foreign exchange losses	3	1	3	1
<b>Operating cash flows before movements in working capital</b>	<b>1,122</b>	<b>1,354</b>	<b>2,454</b>	<b>3,710</b>
Trade receivables	1,683	1,166	3,327	2,481
Other receivables and prepayments	(372)	(1,052)	(1,490)	(1,267)
Inventories	(166)	(2,769)	(2,037)	(5,387)
Trade payables	2,339	1,110	4,083	(62)
Other payables	(128)	647	(1,834)	(2,294)
<b>Cash generated from (used in) operations</b>	<b>4,478</b>	<b>456</b>	<b>4,503</b>	<b>(2,819)</b>
Interest received	3	3	11	6
Income tax paid	(476)	(386)	(385)	(186)
<b>Net cash from (used in) operating activities</b>	<b>4,005</b>	<b>73</b>	<b>4,129</b>	<b>(2,999)</b>
<b>Investing activities</b>				
Proceeds from disposal of plant and equipment	-	1	-	122
Purchase of plant and equipment	(369)	(290)	(533)	(524)
<b>Net cash used in investing activities</b>	<b>(369)</b>	<b>(289)</b>	<b>(533)</b>	<b>(402)</b>
<b>Financing activities</b>				
Interest paid	(14)	(8)	(27)	(16)
Proceeds from issuance of ordinary shares	1,374	4,345	2,187	5,559
Proceeds from bank borrowings	2,800	-	2,800	-
Repayment of obligations under finance leases	(22)	(20)	(43)	(40)
Dividends paid to shareholders of parent company	(2,017)	(2,076)	(2,017)	(2,076)
<b>Net cash from financing activities</b>	<b>2,121</b>	<b>2,241</b>	<b>2,900</b>	<b>3,427</b>
Net increase in cash and cash equivalents	5,757	2,025	6,496	26
Cash and cash equivalents at beginning of period	18,359	10,779	17,620	12,778
<b>Cash and cash equivalents at end of period</b>	<b>24,116</b>	<b>12,804</b>	<b>24,116</b>	<b>12,804</b>

**Notes**

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

<b>In S\$'000</b>	<b>2Q-13</b>	<b>2Q-12</b>
Cash	24,116	14,804
Less: Cash pledged	-	(2,000)
<b>Cash and cash equivalents</b>	<b>24,116</b>	<b>12,804</b>

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

<u>In S\$'000</u> Group	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Currency translation reserve</u>	<u>Accumulated losses</u>	<u>Attributable to equity holders</u>	<u>Non-controlling interests</u>	<u>Total</u>
<b>Balance as at 1 January 2013</b>	132,856	(859)	1,548	168	(85,976)	47,737	564	48,301
Total comprehensive income for the period	-	-	-	-	841	841	21	862
Reversal of expenses related to equity settled share-based payment	-	-	(29)	-	29	-	-	-
Issue of shares upon conversion of warrants	813	-	-	-	-	813	-	813
Recognition of share-based payments	-	-	15	-	-	15	-	15
<b>Balance as at 31 March 2013</b>	<u>133,669</u>	<u>(859)</u>	<u>1,534</u>	<u>168</u>	<u>(85,106)</u>	<u>49,406</u>	<u>585</u>	<u>49,991</u>
Total comprehensive income for the period	-	-	-	3	489	492	13	505
Dividends	-	-	-	-	(2,017)	(2,017)	-	(2,017)
Issue of shares upon share options exercised	153	-	(42)	-	-	111	-	111
Issue of shares upon conversion of warrants	793	-	-	-	-	793	-	793
Issue of shares for settlement of professional fees	470	-	-	-	-	470	-	470
Recognition of share-based payments	-	-	13	-	-	13	-	13
<b>Balance as at 30 June 2013</b>	<u><u>135,085</u></u>	<u><u>(859)</u></u>	<u><u>1,505</u></u>	<u><u>171</u></u>	<u><u>(86,634)</u></u>	<u><u>49,268</u></u>	<u><u>598</u></u>	<u><u>49,866</u></u>
<b>Balance as at 1 January 2012</b>	122,117	(859)	1,590	200	(89,416)	33,632	506	34,138
Total comprehensive income for the period	-	-	-	-	1,529	1,529	28	1,557
Issue of shares upon share options exercised	99	-	(27)	-	-	72	-	72
Issue of shares upon conversion of warrants	1,142	-	-	-	-	1,142	-	1,142
Recognition of share-based payments	-	-	24	-	-	24	-	24
<b>Balance as at 31 March 2012</b>	<u>123,358</u>	<u>(859)</u>	<u>1,587</u>	<u>200</u>	<u>(87,887)</u>	<u>36,399</u>	<u>534</u>	<u>36,933</u>
Total comprehensive income for the period	-	-	-	1	812	813	10	823
Dividends	-	-	-	-	(2,076)	(2,076)	-	(2,076)
Issue of shares upon share options exercised	253	-	(71)	-	-	182	-	182
Issue of shares upon conversion of warrants	4,163	-	-	-	-	4,163	-	4,163
Recognition of share-based payments	-	-	9	-	-	9	-	9
<b>Balance as at 30 June 2012</b>	<u><u>127,774</u></u>	<u><u>(859)</u></u>	<u><u>1,525</u></u>	<u><u>201</u></u>	<u><u>(89,151)</u></u>	<u><u>39,490</u></u>	<u><u>544</u></u>	<u><u>40,034</u></u>



<u>In S\$'000</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
<b>Company</b>					
<b>Balance as at 1 January 2013</b>	132,856	22	1,548	(94,280)	40,146
Total comprehensive income for the period	-	-	-	(41)	(41)
Reversal of expenses related to equity settled share-based payments	-	-	(29)	29	-
Issue of shares upon conversion of warrants	813	-	-	-	813
Recognition of share-based payments	-	-	15	-	15
<b>Balance as at 31 March 2013</b>	<u>133,669</u>	<u>22</u>	<u>1,534</u>	<u>(94,292)</u>	<u>40,933</u>
Total comprehensive income for the period	-	-	-	2	2
Dividends	-	-	-	(2,017)	(2,017)
Issue of shares upon share options exercised	153	-	(42)	-	111
Issue of shares upon conversion of warrants	793	-	-	-	793
Issue of shares for settlement of professional fees	470	-	-	-	470
Recognition of share-based payments	-	-	13	-	13
<b>Balance as at 30 June 2013</b>	<u>135,085</u>	<u>22</u>	<u>1,505</u>	<u>(96,307)</u>	<u>40,305</u>
<b>Balance as at 1 January 2012</b>	122,117	22	1,590	(95,472)	28,257
Total comprehensive income for the period	-	-	-	364	364
Issue of shares upon share options exercised	99	-	(27)	-	72
Issue of shares upon conversion of warrants	1,142	-	-	-	1,142
Recognition of share-based payments	-	-	24	-	24
<b>Balance as at 31 March 2012</b>	<u>123,358</u>	<u>22</u>	<u>1,587</u>	<u>(95,108)</u>	<u>29,859</u>
Total comprehensive income for the period	-	-	-	444	444
Dividends	-	-	-	(2,076)	(2,076)
Issue of shares upon share options exercised	253	-	(71)	-	182
Issue of shares upon conversion of warrants	4,163	-	-	-	4,163
Recognition of share-based payments	-	-	9	-	9
<b>Balance as at 30 June 2012</b>	<u>127,774</u>	<u>22</u>	<u>1,525</u>	<u>(96,740)</u>	<u>32,581</u>

**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

**Issued Share Capital**

In 2Q-13, the Company issued an additional 214,860,291 new ordinary shares as follows:

- a) 158,550,736 ordinary shares at \$0.005 per share through conversion of warrants.
- b) 12,000,000, 18,181,818 and 7,894,737 ordinary shares at \$0.010, \$0.011 and \$0.019 per share respectively for settlement of professional fees.
- c) 14,878,000 and 3,355,000 ordinary shares at \$0.005 and \$0.011 per share respectively through conversion of share options.

As a result, the Company's issued and paid-up capital increased to \$135,084,842 divided into 8,824,289,673 shares as at 30 June 2013.

In 2Q-12, the Company issued an additional 869,296,400 new ordinary shares at \$0.005 per share through conversion of 832,796,400 warrants and 36,500,000 share options.

**Warrants**

At 30 June 2013, there were 3,919,386,195 (30 June 2012: 5,257,077,927) outstanding warrants. Each warrant carries the right to subscribe for one new share in the capital of the Company at an exercise price of \$0.005.

**Share options**

The Company has a share option scheme known as mDR Limited Share Option Scheme 2003 which was approved by members of the Company at the Extraordinary General Meeting held on 13 January 2003. The Scheme expired on 12 January 2013. Upon expiration of the Scheme, no further share option can be granted but the provisions of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration.

At 30 June 2013, there were 54,044,274 (30 June 2012: 53,194,274) outstanding share options which would entitle the holders to subscribe for a total of 54,044,274 (30 June 2012: 53,194,274) ordinary shares.

The 54,044,274 share options outstanding at 30 June 2013 are approximately 0.61% of the share capital consisting of 8,824,289,673 issued shares at 30 June 2013.

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

	<b>Number of ordinary shares</b>	
	<b>30-Jun-13</b>	<b>31-Dec-12</b>
Issued and paid up	<u>8,824,289,673</u>	<u>8,446,831,386</u>

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

Not applicable

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

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

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

Not applicable

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the financial year ended 31 December 2012.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") for accounting periods beginning 1 January 2013, where applicable.

The adoption of new / revised FRS and INT FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior period.

**6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

<b>Earnings per ordinary share</b> <i>(based on consolidated net profit attributable to equity holders of the Company)</i>	<b>2Q-13</b> <b>cents</b>	<b>2Q-12</b> <b>cents</b>	<b>YTD-13</b> <b>cents</b>	<b>YTD-12</b> <b>cents</b>
- Basic	0.006	0.011	0.015	0.033
- Fully diluted	0.004	0.008	0.011	0.023

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 8,741,415,283 (2Q-12: 7,111,226,376).

Fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 11,633,422,999 (2Q-12: 10,340,212,306).

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

	Group		Company	
	30-Jun-13 Cents	31-Dec-12 Cents	30-Jun-13 Cents	31-Dec-12 Cents
Net Asset Value ("NAV") per share	<u>0.56</u>	<u>0.57</u>	<u>0.46</u>	<u>0.48</u>

The NAV per share as at 30 June 2013 is calculated based on 8,824,289,673 (31 December 2012: 8,446,831,386) ordinary shares.

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

**Revenue and profit after income tax**

The Group's revenue quarter-on-quarter increased by 12% from \$70.1 million to \$78.9 million, with a similar 12% increase year-on-year from \$143.6 million to \$160.8 million. The increase in turnover was due to higher contributions from its AMS, retail and distribution businesses.

The Group's gross profit margins quarter-on-quarter remained flat whereas on a year-on-year basis margins declined by 1% due to sales mix.

Due to higher operating expenses, in particular higher manpower costs, net profits for the Group declined by 39% from \$0.8 million to \$0.5 million quarter-on-quarter and 43% from \$2.4 million to \$1.4 million year-on-year.

**Cash flows**

As at 30 June 2013, the Group's working capital increased by \$1.6 million to \$45.4 million, compared to \$43.8 million as at 31 December 2012, mainly due to positive operating cash flows.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

The Group will continue to face intense margin pressures as higher manpower costs and increasing rental continue to remain key challenges in its highly competitive mobile distribution and retail businesses.

The Group has completed its acquisition of Pixio Sdn Bhd ("Pixio") on 1 July 2013; Pixio is an established large format digital inkjet printer for out-of-home and retail advertising in Malaysia. Based on Pixio's last quarter results (April 2013 to June 2013), we are optimistic that Pixio will become one of the Group's key business divisions, and contribute positively to the Group's future revenue and profit numbers.

The Group has completed the due diligence exercise for acquisition of the businesses of Shenzhen Quanli Leather Co., Ltd., and completion of the acquisition is expected by third quarter of 2013.

MDR Myanmar Co., Ltd., the Group's joint venture company in Myanmar, is expected to commence business operations by end of August 2013.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

None

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

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

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

No dividend has been declared or recommend for the period.

**13. Interested Person Transactions**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
Pacific Organisation Pte Ltd - rental expenses	\$'000  218	\$'000  Nil

**14. Use of proceeds**

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

	S\$'000
Balance of proceeds as at 1 April 2013	4,648
Proceeds received for the period	793
Utilisation towards general working capital	<u>(2,500)</u>
Balance of proceeds as at 30 June 2013	<u>2,941</u>

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

**BY ORDER OF THE BOARD**

**Ong Ghim Choon**  
**Chief Executive Officer**  
**14 August 2013**

**Negative Assurance Confirmation Under Rule 705(5) of the Listing Manual**

We, Mah Kah On and Ong Ghim Choon, being two directors of mDR Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second quarter 2013 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Mah Kah On  
Chairman of Audit Committee

Ong Ghim Choon  
Chief Executive Officer

Singapore, 14 August 2013