



MDR Limited

mDR Limited

Third Quarter Financial Statements for the Period Ended 30 September 2010

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	Q3-10	Q3-09	Incl/(Dec) %	YTD-10	YTD-09	Incl/(Dec) %
Continuing Operations							
Revenue	2	76,593	55,953	37%	216,349	157,503	37%
Cost of sales	2	(68,650)	(49,300)	39%	(193,678)	(137,831)	41%
Gross profit	2	7,943	6,653	19%	22,671	19,672	15%
Other income	3	223	117	91%	638	229	179%
Administrative expenses	4	(4,835)	(4,268)	13%	(14,006)	(14,591)	-4%
Other operating expenses	5	(2,622)	(6,587)	-60%	(6,597)	(10,308)	-36%
Changes in fair value of convertible notes designated as fair value through profit and loss		57	645	-91%	170	1,290	-87%
Finance cost	6	(190)	(222)	-14%	(587)	(685)	-14%
Total expenses		(7,590)	(10,432)	-27%	(21,020)	(24,294)	-13%
Profit / (Loss) before income tax		576	(3,662)	116%	2,289	(4,393)	152%
Income tax expense	7	(422)	(1,755)	-76%	(742)	(1,864)	-60%
Profit / (Loss) for the period from continuing operations		154	(5,417)	103%	1,547	(6,257)	125%
Discontinued operations							
Profit for the period from discontinued operations	8	1,019	1,134	-10%	860	3,607	-76%
Profit / (Loss) for the period		1,173	(4,283)	127%	2,407	(2,650)	191%
Attributable to:							
Equity holders of the parent company		765	(4,429)	117%	1,600	(2,596)	162%
Minority interests		408	146	179%	807	(54)	1594%
Profit attributable to shareholders		1,173	(4,283)	127%	2,407	(2,650)	191%

Statement of comprehensive income for the third quarter ended 30 September 2010

In S\$'000	Q3-10	Q3-09	Incl/(Dec) %	YTD-10	YTD-09	Incl/(Dec) %
Profit / (Loss) for the period after tax	1,173	(4,283)	127%	2,407	(2,650)	191%
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries	(926)	(88)	952%	(1,467)	(2,714)	-46%
Total comprehensive income / (expense) for the period	247	(4,371)	106%	940	(5,364)	118%
Attributable to:						
Equity holders of the parent company	(161)	(4,517)	-96%	133	(5,310)	103%
Minority interests	408	146	179%	807	(54)	1594%
Total comprehensive income / (expense) for the period	247	(4,371)	106%	940	(5,364)	118%

1(a)(i) Breakdown and explanatory notes to the income statement

Note 1 Operation profit / (loss) after tax from continuing operations is derived at after charging/(crediting) the following:

In S\$'000	Q3-10	Q3-09	YTD-10	YTD-09
Profit / (Loss) for the period	154	(5,417)	1,547	(6,257)
<i>Adjusted for:</i>				
Changes in fair value of convertible notes/bonds	(57)	(645)	(170)	(1,290)
Loss / (Gain) on disposal of plant and equipment	3	13	67	375
Allowance/(Reversal) of impairment for plant and equipment	(3)	-	59	(22)
Plant and equipment written off	-	2	78	2
Impairment of goodwill on consolidation	-	3,087	-	3,087
Allowance / (Reversal) for doubtful debts - trade	48	99	130	31
Allowance / (Reversal) for doubtful debts - non-trade	311	822	326	822
Bad debts written off - trade	-	-	-	66
Bad debts written off - non-trade	-	84	11	91
Liabilities written back	-	-	(109)	-
Foreign exchange (gain) / loss	318	795	(79)	443
Provision for closure of subsidiaries	256	-	327	-
Provision for inventory obsolescence	218	25	852	123
Total adjustments	<u>1,094</u>	<u>4,282</u>	<u>1,492</u>	<u>3,728</u>
Operation profit/(loss) after tax	<u><u>1,248</u></u>	<u><u>(1,135)</u></u>	<u><u>3,039</u></u>	<u><u>(2,529)</u></u>

Note 2 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:

In S\$'000	Q3-10	Q3-09	YTD-10	YTD-09
Revenue				
AMS	4,772	4,352	14,473	15,278
DMS	71,821	51,601	201,876	142,225
	<u>76,593</u>	<u>55,953</u>	<u>216,349</u>	<u>157,503</u>
Cost of Goods Sold and Spare Parts				
AMS	(3,166)	(2,878)	(9,262)	(8,851)
DMS	(65,484)	(46,422)	(184,416)	(128,980)
	<u>(68,650)</u>	<u>(49,300)</u>	<u>(193,678)</u>	<u>(137,831)</u>
Gross Profit				
AMS	1,606	1,474	5,211	6,427
DMS	6,337	5,179	17,460	13,245
	<u>7,943</u>	<u>6,653</u>	<u>22,671</u>	<u>19,672</u>
GP%				
AMS	34%	34%	36%	42%
DMS	9%	10%	9%	9%
	<u>10%</u>	<u>12%</u>	<u>10%</u>	<u>12%</u>

Total gross profits for 3Q-10 and YTD-10 improved over the previous year’s comparative periods due to higher sales volume, mainly from DMS, as demand for mobile phones improved on the back of an economic recovery.

Note 3 Other income consists of the following:

In S\$'000	Q3-10	Q3-09	YTD-10	YTD-09
Interest income	2	8	8	14
Rental income	222	83	477	183
Liabilities written back	-	-	109	-
Others	(1)	26	44	32
	<u>223</u>	<u>117</u>	<u>638</u>	<u>229</u>

Note 4 Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q3-10	Q3-09	YTD-10	YTD-09
<u>Staff Cost</u>				
AMS	1,358	1,669	4,602	6,148
DMS	2,063	1,787	5,921	5,215
	<u>3,421</u>	<u>3,456</u>	<u>10,523</u>	<u>11,363</u>

Included in staff cost is share option expense of \$5,000 (3Q-09: Nil).

AMS incurred lower administrative expenses during 3Q-10 and YTD-10 compared to the corresponding periods in 2009 due mainly to a reduction in headcount.

Note 5 Other operating expenses consist of the following:

In S\$'000	Q3-10	Q3-09	YTD-10	YTD-09
Rental expenses	1,564	1,481	4,581	4,523
Depreciation expenses	163	179	572	767
Allowance / (Reversal) of impairment for plant and equipment	(3)	-	59	(22)
Plant and equipment written off	-	2	78	2
Impairment of goodwill on consolidation	-	3,087	-	3,087
Loss / (Gain) on disposal of plant and equipment	3	13	67	375
Allowance / (Reversal) for doubtful debts - trade	48	99	130	31
Allowance/ (Reversal) for doubtful debts - non-trade	311	822	326	822
Bad debts written off - trade	-	-	-	66
Bad debts written off - non-trade	-	84	11	91
Provision for inventory obsolescence	218	25	852	123
Foreign exchange (gain) / loss*	318	795	(79)	443
	<u>2,622</u>	<u>6,587</u>	<u>6,597</u>	<u>10,308</u>

* The foreign exchange gain mainly arose from revaluation of inter-company balances denominated in United States Dollar and Singapore Dollar against respective entity's functional currency.

Note 6 Finance cost

Finance cost comprises mainly interest expense arising from loans drawn down for operating and investing activities.

Note 7 Income tax expense

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

Note 8 Income statement disclosures for discontinued operations

In S\$'000	Q3-10	Q3-09	YTD-10	YTD-09
Revenue	-	1,978	154	3,957
Cost of sales	-	(491)	(224)	(940)
Gross profit	-	1,487	(70)	3,017
Other operating income	24	15	24	54
Administrative expenses	(32)	(1,270)	(236)	(2,523)
Other operating expenses	(564)	897	(568)	3,046
(Loss) / Profit before income tax	(572)	1,129	(850)	3,594
Income tax expense	-	5	-	13
(Loss) / Profit for the period	(572)	1,134	(850)	3,607
Gain arising from de-consolidation of disposed subsidiaries	1,591	-	1,710	-
Profit from discontinued operations	<u>1,019</u>	<u>1,134</u>	<u>860</u>	<u>3,607</u>

2009

The Group commenced liquidation of its wholly-owned subsidiaries Accord Customer Care Solutions (Aust) Pty. Ltd., Accord Customer Care Solutions (NSW) Pty. Ltd. and Accord Customer Care Solutions (Network) Pty. Ltd. in December 2009 and deregistered mDR (HK) Limited in September 2009.

2010

The Group deregistered ACCS PRC Limited, a wholly-owned dormant subsidiary held through Accord Customer Care Solution (Asia) Limited in 1Q 2010.

The Group commenced liquidation of its wholly-owned subsidiary mDR (New Zealand) Ltd in May 2010.

The Group disposed its wholly-owned subsidiaries Accord Customer Care Solution (Asia) Limited, Accord Customer Care Solutions (Suzhou) Co Ltd and Accord CCS (Thailand) Co. Ltd, and majority-owned subsidiary Pacific Cellular (Thailand) Limited in September 2010 to unrelated parties at S\$1 each.

The gain arising from de-consolidation of above subsidiaries is mainly derived from reversal of foreign currency translation (see Note A under 1(c) on page 10).

The comparative statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations.

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

In S\$'000	Notes	Group		Company	
		30-Sep-10	31-Dec-09	30-Sep-10	31-Dec-09
ASSETS					
Current assets					
Cash and bank balances		13,938	9,180	781	492
Cash pledged		2,224	1,715	-	-
Trade receivables	1	25,312	27,348	896	6,072
Other receivables and prepayments	2	4,226	4,503	12,263	9,065
Inventories	3	8,551	10,964	307	330
Total current assets		<u>54,251</u>	<u>53,710</u>	<u>14,247</u>	<u>15,959</u>
Non-current assets					
Investment in subsidiaries		-	-	9,936	10,002
Plant and equipment		1,516	2,040	84	114
Other goodwill		2,350	2,350	-	-
Total non-current assets		<u>3,866</u>	<u>4,390</u>	<u>10,020</u>	<u>10,116</u>
Total assets		<u>58,117</u>	<u>58,100</u>	<u>24,267</u>	<u>26,075</u>
Current liabilities					
Bank overdrafts		8,796	8,850	2,147	2,203
Convertible notes / bonds	4	6,020	8,050	8,050	8,050
Fair Value adjustment of convertibles	4	643	813	643	813
Trade payables	5	13,430	15,628	475	558
Other payables	6	13,806	12,917	3,132	11,505
Income tax payable		1,726	1,490	-	-
Total current liabilities		<u>44,421</u>	<u>47,748</u>	<u>14,447</u>	<u>23,129</u>
Non-current liability					
Deferred tax		131	237	-	-
Total non-current liability		<u>131</u>	<u>237</u>	<u>-</u>	<u>-</u>
Equity					
Issued capital		106,966	104,466	106,966	104,466
Capital redemption reserve		22	22	22	22
Share options reserve		1,756	1,836	1,756	1,836
Foreign currency translation reserve		1,507	2,974	-	-
Revenue reserve		(100,030)	(101,719)	(98,924)	(103,378)
Equity attributable to owners of the parent company		<u>10,221</u>	<u>7,579</u>	<u>9,820</u>	<u>2,946</u>
Minority interests		3,344	2,536	-	-
Total equity and liabilities		<u>58,117</u>	<u>58,100</u>	<u>24,267</u>	<u>26,075</u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 30 September 2010 is 33 days (31 December 2009: 44 days).

2 Other receivables and prepayments

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

S\$'000	30-Sep-10	31-Dec-09
Rental deposits	1,600	1,663
Other receivables	2,297	853
Prepayments	<u>179</u>	<u>802</u>

Other receivables of \$2.3 million as at 30 September 2010 mainly comprised credit notes of \$1.4 million to be received from principals in relation to sell through, advertising and promotion support.

3 Inventories

The Group's inventory turnover is 14 days for the period ended 30 September 2010 (31 December 2009: 18 days).

Group's inventory as at 30 September 2010 is \$8.6 million (31 December 2009: \$11.0 million)

4 Convertible notes

On 30 January 2008, the Company received approval from shareholders for the issue of an aggregate amount of 1.5% equity linked redeemable non-recallable structured convertible notes ("Notes") that are due in 2012 amounting to \$32,000,000. As at 30 September 2010, the Company has issued a total of \$9,500,000 (31 December 2009: \$7,500,000) and the holder of the convertible notes has converted \$9,450,000 (31 December 2009: \$6,950,000) into equity shares of the Company and the balance of \$50,000 (31 December 2009: \$550,000) has been disclosed as current liability which is convertible into equity shares or due for redemption on demand at the option of the holder.

Convertible bonds

On 25 February 2008, the Group entered into a three-year debt restructuring agreement with three lenders for a conversion debt of \$12,000,000. Under the agreement, a conversion debt of \$12,000,000 shall be repaid and discharged by way of conversion into 3.75% Class A convertible bonds due in 2010.

The Group has not complied with one of its debt covenants pursuant to the convertible bonds agreements and as a result the loan facilities are repayable on demand and have been disclosed as current liability in these financial statements. However, the Group has commenced monthly instalment payments of its outstanding borrowings with the banks since 31 January 2010 under a proposed debt restructuring plan. The banks are currently reviewing the documentation for the proposed debt restructuring plan.

Fair value adjustment of convertibles

The above notes / bonds contain embedded conversion features and the Company has designated the combined contracts at fair value through profit or loss. Changes in the fair value of these convertible notes / bonds have been included in the statement of comprehensive income for the period.

5 Trade payables

Group's trade payables turnover is 20 days as at 30 September 2010 (31 December 2009: 26 days). A decrease in trade payables is mainly due to lower utilisation of credit lines upon payment of outstanding payables when they fall due.

6 Other payables

Group's other payables mainly consist of the following:

S\$'000	30-Sep-10	31-Dec-09
Advertising, promotion and sell through funds from principals	2,772	2,374
Other payables to third parties	1,059	1,371
Accrued staff costs	1,809	900
Rebates owing to franchisees	2,184	2,574
Accrued purchases	2,028	1,096
Other accrued operating expenses	<u>1,700</u>	<u>1,736</u>

Other payables have increased since December 2009 due to higher operating costs in conjunction with the higher revenues.

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

Amount repayable in one year or less, or on demand

As at 30-Sep-10		As at 31-Dec-09	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	14,816	-	16,900

Note :

The unsecured borrowings of \$14.8 million comprises of:

- a) \$8.8 million bank overdraft facilities and
- b) \$6.0 million convertible notes / bonds *[Refer to 1(d)(ii) on page 13]*

Amount repayable after one year

As at 30-Sep-10		As at 31-Dec-09	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	-	-

Details of collateral

Not applicable

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

In S\$'000	Q3-10	Q3-09	YTD-10	YTD-09
Operating activities				
Profit / (Loss) before income tax from continuing operations	576	(3,662)	2,289	(4,393)
Profit before income tax from discontinued operations	1,019	1,129	860	3,594
	<u>1,595</u>	<u>(2,533)</u>	<u>3,149</u>	<u>(799)</u>
Adjustments for:				
Depreciation expense	167	262	599	856
Interest expense	190	222	587	685
Interest income	(2)	(9)	(8)	(20)
Loss on disposal of plant and equipment	3	15	67	377
Provision for inventory obsolescence	218	25	852	123
Allowance / (Reversal) for impairment of plant and equipment	(3)	-	59	(21)
Impairment of goodwill on consolidation	-	3,087	-	3,087
Plant and equipment written off	26	-	104	-
Gain on disposal of subsidiaries	(1,591)	-	(1,710)	-
Bad debts written off - non-trade	-	(45)	11	(41)
Bad debts written back - trade	-	-	-	66
Allowance / (Reversal) for doubtful debts – trade	48	99	130	31
Allowance / (Reversal) for doubtful debts – non-trade	311	822	326	822
Share-based payments	5	-	9	-
Changes in fair value of convertible notes/bonds designated as fair value through profit or loss	(57)	(645)	(170)	(1,290)
Liabilities written back	-	-	(109)	-
Operating cash flows before movements in working capital	<u>910</u>	<u>1,300</u>	<u>3,896</u>	<u>3,876</u>
Trade receivables	(2,674)	(917)	1,790	4,708
Other receivables and prepayments	(829)	2,220	(267)	2,162
Inventories	4,177	(766)	1,541	(3,058)
Trade payables	4,805	2,190	(2,041)	1,347
Other payables	223	(187)	1,379	(3,498)
Cash generated from operations	<u>6,612</u>	<u>3,840</u>	<u>6,298</u>	<u>5,537</u>
Interest received	2	9	8	20
Income tax paid	(262)	(1,558)	(533)	(1,603)
Net cash generated from operating activities	<u>6,352</u>	<u>2,291</u>	<u>5,773</u>	<u>3,954</u>
Investing activities				
Purchase of plant and equipment	(249)	(383)	(349)	(455)
Proceeds from disposal of plant and equipment	5	3	61	137
Net cash outflows on disposal of subsidiaries (Note A)	(112)	-	(121)	-
Net cash used in investing activities	<u>(356)</u>	<u>(380)</u>	<u>(409)</u>	<u>(318)</u>
Financing activities				
Interest paid	(190)	(222)	(587)	(685)
Repayment of finance lease	-	(6)	-	(14)
Proceeds from issuance of convertible notes, net	-	1,000	2,000	3,680
Cash pledged	(75)	-	(509)	-
Redemption of convertible bonds	(510)	(2,000)	(1,530)	(4,000)
Net cash used in financing activities	<u>(775)</u>	<u>(1,228)</u>	<u>(626)</u>	<u>(1,019)</u>
Net increase in cash and cash equivalents	5,221	684	4,738	2,617
Cash and cash equivalents at beginning of period	(636)	(1,486)	330	(793)
Effect of foreign exchange rate changes	557	(88)	74	(2,714)
Cash and cash equivalents at end of period	<u>5,142</u>	<u>(890)</u>	<u>5,142</u>	<u>(890)</u>

Notes

A. Disposal of subsidiaries

In 1Q-10, the Group deregistered ACCS PRC Limited, a wholly-owned dormant subsidiary held through Accord Customer Care Solution (Asia) Limited.

In 2Q-10, the Group commenced liquidation of its wholly-owned subsidiary mDR (New Zealand) Ltd.

In 3Q-10, the Group disposed its wholly-owned subsidiaries Accord Customer Care Solution (Asia) Limited, Accord Customer Care Solutions (Suzhou) Co Ltd and Accord CCS (Thailand) Co. Ltd, and majority-owned subsidiary Pacific Cellular (Thailand) Limited.

The carrying value of assets disposed and liabilities discharged were as follows:

In S\$'000	Q3-10	Q3-09	YTD-10	YTD-09
Assets	489	-	498	-
Liabilities	(609)	-	(617)	-
Foreign currency translation reserve	<u>(1,471)</u>	-	<u>(1,591)</u>	-
Net liabilities	<u>(1,591)</u>	-	<u>(1,710)</u>	-
Proceeds received	-	-	-	-
Cash balance in subsidiaries disposed of	<u>(112)</u>	-	<u>(121)</u>	-
Cash outflows on disposal	<u>(112)</u>	-	<u>(121)</u>	-

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

In S\$'000	30-Sep-10	30-Sep-09
Cash	16,162	9,693
Bank overdrafts	(8,796)	(8,868)
Less: Cash pledged	<u>(2,224)</u>	<u>(1,715)</u>
Cash and cash equivalents	<u>5,142</u>	<u>(890)</u>

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

<u>In S\$'000</u>	<u>Share capital</u>	<u>Capital redemption reserve</u>	<u>Share options reserve</u>	<u>Translation reserve</u>	<u>Revenue reserve</u>	<u>Attributable to equity holders of the Company</u>	<u>Minority interests</u>	<u>Total</u>
Group								
Balance as at 1 January 2010	104,466	22	1,836	2,974	(101,719)	7,579	2,536	10,115
Total comprehensive income / (expense) for the period	-	-	-	(492)	300	(192)	175	(17)
Issue of shares upon conversion of convertible notes	1,000	-	-	-	-	1,000	-	1,000
Balance as at 31 March 2010	<u>105,466</u>	<u>22</u>	<u>1,836</u>	<u>2,482</u>	<u>(101,419)</u>	<u>8,387</u>	<u>2,711</u>	<u>11,098</u>
Total comprehensive income / (expense) for the period	-	-	-	(49)	535	486	225	711
Issue of shares upon conversion of convertible notes	1,500	-	-	-	-	1,500	-	1,500
Reversal of expenses related to equity-settled share-based payment	-	-	(89)	-	89	-	-	-
Recognition of share-based payments	-	-	4	-	-	4	-	4
Balance as at 30 June 2010	<u>106,966</u>	<u>22</u>	<u>1,751</u>	<u>2,433</u>	<u>(100,795)</u>	<u>10,377</u>	<u>2,936</u>	<u>13,313</u>
Total comprehensive income / (expense) for the period	-	-	-	(926)	765	(161)	408	247
Recognition of share-based payments	-	-	5	-	-	5	-	5
Balance as at 30 September 2010	<u><u>106,966</u></u>	<u><u>22</u></u>	<u><u>1,756</u></u>	<u><u>1,507</u></u>	<u><u>(100,030)</u></u>	<u><u>10,221</u></u>	<u><u>3,344</u></u>	<u><u>13,565</u></u>
Balance as at 1 January 2009	99,894	22	2,162	4,289	(99,654)	6,713	2,601	9,314
Total comprehensive income / (expense) for the period	-	-	-	(1,806)	833	(973)	(50)	(1,023)
Issue of shares upon conversion of convertible notes	150	-	-	-	-	150	-	150
Balance as at 31 March 2009	<u>100,044</u>	<u>22</u>	<u>2,162</u>	<u>2,483</u>	<u>(98,821)</u>	<u>5,890</u>	<u>2,551</u>	<u>8,441</u>
Total comprehensive income / (expense) for the period	-	-	-	(820)	1,000	180	(150)	30
Expenses in relation to issuance of convertible notes	(320)	-	-	-	-	(320)	-	(320)
Issue of shares upon conversion of convertible notes	3,650	-	-	-	-	3,650	-	3,650
Balance as at 30 June 2009	<u>103,374</u>	<u>22</u>	<u>2,162</u>	<u>1,663</u>	<u>(97,821)</u>	<u>9,400</u>	<u>2,401</u>	<u>11,801</u>
Total comprehensive income / (expense) for the period	-	-	-	(88)	(4,429)	(4,517)	146	(4,371)
Issue of shares upon conversion of convertible notes	500	-	-	-	-	500	-	500
Balance as at 30 September 2009	<u>103,874</u>	<u>22</u>	<u>2,162</u>	<u>1,575</u>	<u>(102,250)</u>	<u>5,383</u>	<u>2,547</u>	<u>7,930</u>

<u>In S\$'000</u>	Share capital	Capital redemption reserve	Share options reserve	Revenue reserve	Total
Company					
Balance as at 1 January 2010	104,466	22	1,836	(103,378)	2,946
Total comprehensive income / (expense) for the period	-	-	-	(135)	(135)
Issue of shares upon conversion of convertible notes	1,000	-	-	-	1,000
Balance as at 31 March 2010	105,466	22	1,836	(103,513)	3,811
Total comprehensive income / (expense) for the period	-	-	-	1,422	1,422
Issue of shares upon conversion of convertible notes	1,500	-	-	-	1,500
Reversal of expenses related to equity-settled share-based payment	-	-	(89)	89	-
Recognition of share-based payments	-	-	4	-	4
Balance as at 30 June 2010	106,966	22	1,751	(102,002)	6,737
Total comprehensive income / (expense) for the period	-	-	-	3,078	3,078
Recognition of share-based payments	-	-	5	-	5
Balance as at 30 September 2010	106,966	22	1,756	(98,924)	9,820
Balance as at 1 January 2009	99,894	22	2,162	(96,463)	5,615
Total comprehensive income / (expense) for the period	-	-	-	708	708
Issue of shares upon conversion of convertible notes	150	-	-	-	150
Balance as at 31 March 2009	100,044	22	2,162	(95,755)	6,473
Total comprehensive income / (expense) for the period	-	-	-	(764)	(764)
Expenses in relation to issuance of convertible notes	(320)	-	-	-	(320)
Issue of shares upon conversion of convertible notes	3,650	-	-	-	3,650
Balance as at 30 June 2009	103,374	22	2,162	(96,519)	9,039
Total comprehensive income / (expense) for the period	-	-	-	(2,831)	(2,831)
Issue of shares upon conversion of convertible notes	500	-	-	-	500
Balance as at 30 September 2009	103,874	22	2,162	(99,350)	6,708

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

Issued Share Capital

There were no movements in the Company's issued share capital for the quarter ended 30 September 2010 (3Q09: 111,111,111 at \$0.0045 per share through conversion of convertible notes).

As at 30 September 2010, the Company's issued and paid-up capital was \$106,966,168 divided into 3,181,949,969 shares.

Convertibles

(i) 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.

At 30 September 2010, there were 39,495,274 (30 September 2009: 31,833,839) outstanding share option, which comprised approximately 1.2% of the Company's share capital of 3,181,949,969 issued shares at 30 September 2010.

(ii) Convertibles Notes

At 30 September 2010, there were \$50,000 (30 September 2009: \$550,000) outstanding convertible notes which would entitle the holders to subscribe for a total of 11,111,111 (30 September 2009: 67,901,235) ordinary shares.

(iii) Convertible Bonds

On the convertible bonds amounting to \$5.97 million, which had matured on 31 December 2009 and 30 June 2010, the Group and bondholders are in the midst of completing its proposed debt restructuring plan. Please refer to Note 4 on page 6 for further details.

If the bondholders had opted to convert the loans into equity shares on 30 September 2010, the number of shares issued for \$5.97 million (30 September 2009: 8.0 million) convertible bonds would have been 1,326,666,667 (30 September 2009: 888,888,889).

Save as disclosed above, the Company has no other outstanding convertibles and treasury shares at 30 September 2010 and 30 September 2009.

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.

	Number of ordinary shares	
	30-Sep-10	31-Dec-09
Issued and paid up	<u>3,181,949,969</u>	<u>2,626,394,414</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 2009.

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 2010, 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

Earnings per ordinary share <i>(based on consolidated net profit/(loss) attributable to equity holders of the Company)</i>	Q3-10 cents	Q3-09 cents	YTD-10 cents	YTD-09 cents
From continuing and discontinued operations:				
- Basic	0.03	(0.20)	0.05	(0.12)
- Fully diluted	<u>0.02</u>	<u>(0.14)</u>	<u>0.04</u>	<u>(0.08)</u>
From continuing operations:				
- Basic	0.00	(0.25)	0.02	(0.28)
- Fully diluted	<u>0.00</u>	<u>(0.18)</u>	<u>0.02</u>	<u>(0.19)</u>
From discontinuing operations:				
- Basic	0.03	0.05	0.03	0.16
- Fully diluted	<u>0.02</u>	<u>0.04</u>	<u>0.02</u>	<u>0.11</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 3,043,441,598 (30 September 2009: 2,197,935,512).

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 4,394,613,592 (30 September 2009: 3,158,809,433).

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-Sep-10 Cents	31-Dec-09 Cents	30-Sep-10 Cents	31-Dec-09 Cents
Net Asset Value ("NAV") per share	<u>0.32</u>	<u>0.29</u>	<u>0.31</u>	<u>0.11</u>

The NAV per share as at 30 September 2010 is calculated based on 3,181,949,969 (31 December 2009: 2,626,394,414) 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

Revenue on quarter-on-quarter and year-on-year basis increased by 37%, the increase being entirely from DMS businesses. DMS distribution and retail businesses in 3Q-09 and YTD-09 were relatively lower compared to 3Q-10 and YTD-10 due to the global economic crisis and the recession in Singapore, which had affected demand for mobile phones due to curtailed consumer spending. With the recovery of the economy towards the last quarter of 2009, DMS distribution and retail businesses have also improved, thereby resulting in the higher revenue figures in 3Q-10 and YTD-10 as compared to the corresponding periods in 2009.

In 3Q-10, the Group reported net profit after tax from continuing operations of \$0.2 million; if net non-cash charges (except for depreciation) were excluded, the Group's operating profit would be at \$1.2 million (Please refer to page 2 under Note 1). For 3Q-09, impairment of goodwill on consolidation of \$3.1 million and doubtful debts of \$0.9 million had contributed significantly to the net loss of \$5.4 million. Excluding the impairment loss, doubtful debts and other net non-cash gains, the Group incurred operating loss of \$1.1 million for 3Q-09 (Please refer to page 2 under Note 1).

For YTD-10, the Group reported net profit after tax from continuing operations of \$1.5 million, compared to net loss after tax of \$6.3 million in YTD-09. If net non-cash items were excluded, the Group would have reported an operating profit of \$3.0 million in YTD-10, compared to an operating loss of \$2.5 million in YTD-09 (Please refer to page 2 under Note 1).

The improvement in operating performance in 3Q-10 and YTD-10 as compared to the corresponding periods respectively in 2009 was mainly due to the higher contributions from the DMS businesses.

Cash Flows

On a quarter-on-quarter and year-on-year basis, there is an increase in cash position mainly due to positive cash flows from operations.

As at 30 September 2010, the Group's working capital increased to \$9.8 million, up from \$6.0 million as at 31 December 2009.

- 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 is in the final stages of completing the proposed debt restructuring exercise. In the meantime, the Group has commenced monthly repayments of its borrowings to the banks under the proposed debt restructuring plan with effect from 31 January 2010, and continues to be able to meet its financial obligations to the lenders based on the proposed debt restructuring plan.

Barring any unforeseen circumstances, the Group expects to remain profitable for the year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the period.

13. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
Pacific Organisation Pte Ltd - rental expenses, utilities, cleaning and other miscellaneous charges	\$'000 463	\$'000 Nil

BY ORDER OF THE BOARD

Philip Eng Heng Nee
Chairman

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

We, Mah Kah On and Ong Ghim Choon, being two directors of mDR Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter 2010 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, 4 November 2010