

mDR Limited

Third Quarter Financial Statements for the Period Ended 30 September 2015

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

In S\$'000	Notes	3Q-15	3Q-14	Inc/(Dec) %	YTD-15	YTD-14	Inc/(Dec) %
Revenue	1	79,685	73,640	8%	233,088	225,519	3%
Cost of sales	1	<u>(72,288)</u>	<u>(66,045)</u>	9%	<u>(210,680)</u>	<u>(201,913)</u>	4%
Gross profit	1	7,397	7,595	-3%	22,408	23,606	-5%
Other income	2	177	192	-8%	757	625	21%
Administrative expenses	3	(5,030)	(5,327)	-6%	(15,334)	(16,454)	-7%
Other operating expenses	4	(1,964)	(5,432)	-64%	(5,644)	(10,425)	-46%
Finance costs	5	<u>(23)</u>	<u>(67)</u>	-66%	<u>(103)</u>	<u>(172)</u>	-40%
Total expenses		(7,017)	(10,826)	-35%	(21,081)	(27,051)	-22%
Operating profit (loss) before amortisation expense, share of losses of associate and income tax		<u>557</u>	<u>(3,039)</u>	N.M.	<u>2,084</u>	<u>(2,820)</u>	N.M.
Amortisation expense	6	-	(246)	N.M.	-	(741)	N.M.
Share of losses of associate		<u>(1)</u>	<u>-</u>	N.M.	<u>(10)</u>	<u>-</u>	N.M.
Profit (Loss) before income tax		556	(3,285)	N.M.	2,074	(3,561)	N.M.
Income tax expense	7	<u>(98)</u>	<u>(109)</u>	-10%	<u>(173)</u>	<u>(280)</u>	-38%
Profit (Loss) for the period		458	(3,394)	N.M.	1,901	(3,841)	N.M.
Other comprehensive (loss) income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Currency translation differences arising on consolidation		<u>(339)</u>	<u>(27)</u>	1156%	<u>(546)</u>	<u>82</u>	N.M.
Other comprehensive (loss) profit for the period, net of tax		<u>(339)</u>	<u>(27)</u>	1156%	<u>(546)</u>	<u>82</u>	N.M.
Total comprehensive income (loss) for the period		<u>119</u>	<u>(3,421)</u>	N.M.	<u>1,355</u>	<u>(3,759)</u>	N.M.
Profit (Loss) attributable to:							
Owners of the Company		1,043	(3,109)	N.M.	2,691	(3,138)	N.M.
Non-controlling interests		<u>(585)</u>	<u>(285)</u>	105%	<u>(790)</u>	<u>(703)</u>	12%
Total comprehensive income (loss)		<u>458</u>	<u>(3,394)</u>	N.M.	<u>1,901</u>	<u>(3,841)</u>	N.M.
Total comprehensive income (loss) attributable to:							
Owners of the Company		766	(3,126)	N.M.	2,225	(3,054)	N.M.
Non-controlling interests		<u>(647)</u>	<u>(295)</u>	119%	<u>(870)</u>	<u>(705)</u>	23%
		<u>119</u>	<u>(3,421)</u>	N.M.	<u>1,355</u>	<u>(3,759)</u>	N.M.

N.M. : Not Meaningful

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

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

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

In S\$'000	3Q-15	3Q-14	YTD-15	YTD-14
Revenue				
AMS	5,644	5,131	15,406	17,122
DMS	72,381	66,496	212,626	202,805
DPAS	1,660	2,013	5,056	5,592
	<u>79,685</u>	<u>73,640</u>	<u>233,088</u>	<u>225,519</u>
Cost of goods sold and spare parts				
AMS	(4,143)	(3,598)	(10,891)	(12,439)
DMS	(67,111)	(61,283)	(196,780)	(186,419)
DPAS	(1,034)	(1,164)	(3,009)	(3,055)
	<u>(72,288)</u>	<u>(66,045)</u>	<u>(210,680)</u>	<u>(201,913)</u>
Gross profit				
AMS	1,501	1,533	4,515	4,683
DMS	5,270	5,213	15,846	16,386
DPAS	626	849	2,047	2,537
	<u>7,397</u>	<u>7,595</u>	<u>22,408</u>	<u>23,606</u>
GP%				
AMS	27%	30%	29%	27%
DMS	7%	8%	7%	8%
DPAS	38%	42%	40%	45%
	<u>9%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>

Note 2 Other income consists of the following:

In S\$'000	3Q-15	3Q-14	YTD-15	YTD-14
Interest income	44	8	97	22
Rental income	34	83	160	327
Bad debts recovered - trade	21	-	24	-
Liabilities written back	3	1	20	62
Others	75	100	456	214
	<u>177</u>	<u>192</u>	<u>757</u>	<u>625</u>

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	3Q-15	3Q-14	YTD-15	YTD-14
Staff Cost				
AMS	1,095	995	3,272	3,409
DMS	2,244	2,523	7,004	7,447
DPAS	221	245	704	678
Management and HQ support staff costs (including Directors' fees)	585	525	1,684	1,673
	<u>4,145</u>	<u>4,288</u>	<u>12,664</u>	<u>13,207</u>

Included in staff cost is share option expense of \$9,000 and \$30,000 in 3Q-15 and YTD-15 respectively (3Q-14: \$11,000 and YTD-14: \$36,000).

Note 4 Other operating expenses

Other operating expenses consist of the following:

In S\$'000	3Q-15	3Q-14	YTD-15	YTD-14
Rental expenses	1,318	1,676	4,250	5,121
Depreciation expenses	336	480	1,189	1,404
Plant and equipment written off	48	12	59	18
Loss on disposal of plant and equipment	2	-	3	6
Allowance for doubtful trade receivables	-	19	(364)	19
Allowance for doubtful other receivables	-	7	(193)	7
Bad debts written off - trade	1	2	1	2
Allowance for inventories	374	3,311	712	3,801
Inventories written off	15	-	26	-
Foreign exchange (gain) loss	(130)	(75)	(39)	47
	<u>1,964</u>	<u>5,432</u>	<u>5,644</u>	<u>10,425</u>

The decrease in rental expense in 3Q-15 and YTD-15 was principally due to rental reversal against provision for restructuring costs.

Allowance for inventories in 3Q-15 and YTD-15 were in line with the usual general provisioning level, whereas a once-off specific provision of \$3.07 million for slow moving handsets and accessories were made in 3Q-14.

Note 5 Finance costs

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

Note 6 Amortisation expense

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

Note 7 Income tax 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-Sep-15	31-Dec-14	30-Sep-15	31-Dec-14
ASSETS					
Current assets					
Cash and bank balances		32,804	31,744	17,138	17,968
Trade receivables	1	16,518	24,812	2,745	2,083
Other receivables and prepayments	2	8,230	10,991	19,121	19,108
Inventories	3	21,654	17,490	1,899	1,351
Total current assets		<u>79,206</u>	<u>85,037</u>	<u>40,903</u>	<u>40,510</u>
Non-current assets					
Investment in subsidiaries		-	-	20,895	20,836
Investment in an associate		4	-	-	-
Prepayments	2	248	-	-	-
Plant and equipment		3,969	4,014	415	496
Goodwill		2,994	2,994	-	-
Total non-current assets		<u>7,215</u>	<u>7,008</u>	<u>21,310</u>	<u>21,332</u>
Total assets		<u>86,421</u>	<u>92,045</u>	<u>62,213</u>	<u>61,842</u>
Current liabilities					
Short-term bank borrowings		-	2,550	-	-
Trade payables	4	14,635	17,081	2,122	1,371
Other payables	5	10,193	11,651	2,009	2,458
Current portion of finance leases		364	495	78	76
Income tax payable		537	544	-	-
Total current liabilities		<u>25,729</u>	<u>32,321</u>	<u>4,209</u>	<u>3,905</u>
Non-current liabilities					
Finance leases		737	1,138	154	213
Deferred tax liabilities		153	169	-	-
Total non-current liabilities		<u>890</u>	<u>1,307</u>	<u>154</u>	<u>213</u>
Capital, reserves and non-controlling interests					
Share capital		153,652	153,652	153,652	153,652
Capital reserve		(859)	(859)	22	22
Share options reserve		307	277	307	277
Foreign currency translation reserve		(410)	56	-	-
Accumulated losses		(91,247)	(93,938)	(96,131)	(96,227)
Equity attributable to owners of the Company		<u>61,443</u>	<u>59,188</u>	<u>57,850</u>	<u>57,724</u>
Non-controlling interests		(1,641)	(771)	-	-
Total equity		<u>59,802</u>	<u>58,417</u>	<u>57,850</u>	<u>57,724</u>
Total liabilities and equity		<u>86,421</u>	<u>92,045</u>	<u>62,213</u>	<u>61,842</u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 30 September 2015 is 24 days (31 December 2014: 30 days).

2 Other receivables and prepayments

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

S\$'000	30-Sep-15	31-Dec-14
Rental deposits	1,672	1,828
Other receivables	4,654	7,477
Prepayments - current	660	422
Prepayments - non-current	248	-

Other receivables of \$4.7 million as at 30 September 2015 comprised mainly of credit notes of \$3.0 million to be received from principals in relation to sell through, advertising and promotion support, as compared to \$5.7 million as at 31 December 2014 which is consistent with the sell through volume of handsets. Other receivables also comprised advance payment for inventory purchase of \$0.9 million.

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

3 Inventories

The Group's inventory turnover for the period ended 30 September 2015 is 25 days (31 December 2014: 26 days).

4 Trade payables

The Group's trade payables turnover as at 30 September 2015 is 20 days (31 December 2014: 22 days).

5 Other payables

The Group's other payables consist of the following:

S\$'000	30-Sep-15	31-Dec-14
Advertising and promotion funds from principals	1,482	1,476
Scheduled deferred payment for acquisition of Pixio	1,062	1,895
Other payables to third parties	737	575
Accrued staff costs	1,206	808
Rebates owing to franchisees	338	758
Accrued purchases	163	1,173
Provision for restructuring costs	901	1,429
Other accrued operating expenses	818	957

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-15		As at 31-Dec-14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
364	-	495	2,550

Amount repayable after one year

As at 30-Sep-15		As at 31-Dec-14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
737	-	1,138	-

Details of collateral

The secured borrowings comprise of outstanding finance lease of \$1.1 million on certain motor vehicles and machinery.

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

In S\$'000	3Q-15	3Q-14	YTD-15	YTD-14
Operating activities				
Profit (Loss) before income tax	556	(3,285)	2,074	(3,561)
Adjustments for:				
Amortisation expense	-	246	-	741
Depreciation expenses	336	480	1,189	1,404
Interest expenses	23	67	103	172
Interest income	(44)	(8)	(97)	(22)
Loss on disposal of plant and equipment	2	-	3	6
Plant and equipment written off	48	12	59	18
Allowance for inventories	374	3,311	712	3,801
Inventories written off	15	-	26	-
Bad debts written off - trade	1	2	1	2
Allowance (Reversal) for doubtful trade receivables	-	19	(364)	19
Allowance (Reversal) for doubtful other receivables	-	7	(193)	7
Professional fees paid by shares	-	-	-	100
Share of losses of associate	1	-	10	-
Employee share-based payments	9	11	30	36
Liabilities written back	(3)	(1)	(20)	(62)
Net foreign exchange losses	(254)	(73)	(400)	3
Operating cash flows before movements in working capital	<u>1,064</u>	<u>788</u>	<u>3,133</u>	<u>2,664</u>
Trade receivables	1,394	1,047	8,657	9,594
Other receivables and prepayments	232	(457)	2,897	(3,371)
Inventories	(2,860)	909	(4,902)	(3,537)
Trade payables	5,764	(717)	(2,424)	(4,642)
Other payables	677	53	(1,452)	(2,056)
Cash generated (used in) from operations	<u>6,271</u>	<u>1,623</u>	<u>5,909</u>	<u>(1,348)</u>
Interest received	44	8	97	22
Income tax paid	(10)	(305)	(387)	(816)
Net cash from (used in) operating activities	<u><u>6,305</u></u>	<u><u>1,326</u></u>	<u><u>5,619</u></u>	<u><u>(2,142)</u></u>
Investing activities				
Proceeds from disposal of plant and equipment	15	1	139	39
Purchase of plant and equipment (Note A)	(1,209)	(589)	(1,647)	(848)
Purchase of available-for-sale investment	-	(493)	-	(493)
Acquisition of investment in as associate	-	-	(15)	-
Net cash used in investing activities	<u><u>(1,194)</u></u>	<u><u>(1,081)</u></u>	<u><u>(1,523)</u></u>	<u><u>(1,302)</u></u>
Financing activities				
Interest paid	(23)	(67)	(103)	(172)
Proceeds from issuance of ordinary shares, net	-	13,484	-	17,683
Proceeds (Repayments) from bank borrowings	-	1,100	(2,550)	2,900
Repayment of obligations under finance leases	(118)	(131)	(377)	(357)
Dividends paid to shareholders	-	-	-	(982)
Dividends paid to non-controlling interest	-	-	-	(19)
Net cash (used in) from financing activities	<u><u>(141)</u></u>	<u><u>14,386</u></u>	<u><u>(3,030)</u></u>	<u><u>19,053</u></u>
Net increase in cash and cash equivalents	4,970	14,631	1,066	15,609
Cash and cash equivalents at beginning of period	27,795	19,433	31,699	18,455
Cash and cash equivalents at end of period	<u><u>32,765</u></u>	<u><u>34,064</u></u>	<u><u>32,765</u></u>	<u><u>34,064</u></u>

Notes

A. Purchase of plant and equipment:

In 3Q-15, the Group acquired plant and equipment with an aggregate cost of \$1.21 million (3Q-14: \$589,000) of which \$ Nil (2014: \$281,000) was acquired under finance lease arrangements.

In YTD-15, the Group acquired plant and equipment with an aggregate cost of \$1.6 million (YTD-14: \$848,000) of which \$ Nil (2014: \$491,000) was acquired under finance lease arrangements.

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

In S\$'000	3Q-15	3Q-14
Cash	32,804	34,111
Less: Cash pledged	(39)	(47)
Cash and cash equivalents	<u>32,765</u>	<u>34,064</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

In S\$'000 Group	Share capital	Capital reserve	Share options reserve	Currency translation reserve	Accumulated losses	Attributable to equity the	Non-controlling interests	Total
Balance as at 1 January 2015	153,652	(859)	277	56	(93,938)	59,188	(771)	58,417
Total comprehensive income for the period								
Profit for the period	-	-	-	-	684	684	50	734
Other comprehensive income for the period	-	-	-	(156)	-	(156)	(48)	(204)
Total	-	-	-	(156)	684	528	2	530
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	11	-	-	11	-	11
Total	-	-	11	-	-	11	-	11
Balance as at 31 March 2015	153,652	(859)	288	(100)	(93,254)	59,727	(769)	58,958
Total comprehensive income for the period								
Profit for the period	-	-	-	-	964	964	(255)	709
Other comprehensive income for the period	-	-	-	(33)	-	(33)	30	(3)
Total	-	-	-	(33)	964	931	(225)	706
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	10	-	-	10	-	10
Total	-	-	10	-	-	10	-	10
Balance as at 30 June 2015	153,652	(859)	298	(133)	(92,290)	60,668	(994)	59,674
Total comprehensive income for the period								
Profit for the period	-	-	-	-	1,043	1,043	(585)	458
Other comprehensive income for the period	-	-	-	(277)	-	(277)	(62)	(339)
Total	-	-	-	(277)	1,043	766	(647)	119
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	9	-	-	9	-	9
Total	-	-	9	-	-	9	-	9
Balance as at 30 September 2015	153,652	(859)	307	(410)	(91,247)	61,443	(1,641)	59,802

<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>
Balance as at 1 January 2014	135,873	(859)	1,538	100	(84,589)	52,063	485	52,548
Total comprehensive income for the period								
Profit for the period	-	-	-	-	81	81	(249)	(168)
Other comprehensive income for the period	-	-	-	76	-	76	-	76
Total	-	-	-	76	81	157	(249)	(92)
Transactions with owners, recognised directly in equity								
Reversal of expenses related to equity settled								
share-based payment	-	-	(10)	-	10	-	-	-
Issue of shares upon conversion of warrants	142	-	-	-	-	142	-	142
Issue of shares for settlement of								
professional fees	100	-	-	-	-	100	-	100
Recognition of share-based payments	-	-	13	-	-	13	-	13
Total	242	-	3	-	10	255	-	255
Balance as at 31 March 2014	136,115	(859)	1,541	176	(84,498)	52,475	236	52,711
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	(110)	(110)	(169)	(279)
Other comprehensive income for the period	-	-	-	25	-	25	8	33
Total	-	-	-	25	(110)	(85)	(161)	(246)
Transactions with owners, recognised directly in equity								
Dividends	-	-	-	-	(982)	(982)	-	(982)
Reversal of expenses related to equity settled								
share-based payment	-	-	(1,298)	-	1,298	-	-	-
Issue of shares upon conversion of warrants	4,057	-	-	-	-	4,057	-	4,057
Recognition of share-based payments	-	-	12	-	-	12	-	12
Total	4,057	-	(1,286)	-	316	3,087	-	3,087
Balance as at 30 June 2014	140,172	(859)	255	201	(84,292)	55,477	75	55,552

<u>In S\$'000</u>	<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>
Group								
Balance as at 1 July 2014	140,172	(859)	255	201	(84,292)	55,477	75	55,552
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(3,109)	(3,109)	(285)	(3,394)
Other comprehensive income for the period	-	-	-	(17)	-	(17)	(10)	(27)
Total	-	-	-	(17)	(3,109)	(3,126)	(295)	(3,421)
Transactions with owners, recognised directly in equity								
Issue of shares upon conversion of warrants	13,484	-	-	-	-	13,484	-	13,484
Recognition of share-based payments	-	-	11	-	-	11	-	11
Total	13,484	-	11	-	-	13,495	-	13,495
Balance as at 30 September 2014	<u>153,656</u>	<u>(859)</u>	<u>266</u>	<u>184</u>	<u>(87,401)</u>	<u>65,846</u>	<u>(220)</u>	<u>65,626</u>

<u>In S\$'000</u> Company	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
Balance as at 1 January 2015	153,652	22	277	(96,227)	57,724
Profit for the period, representing total comprehensive profit for the period	-	-	-	118	118
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	11	-	11
Total	-	-	11	-	11
Balance as at 31 March 2015	153,652	22	288	(96,109)	57,853
Loss for the period, representing total comprehensive loss for the period	-	-	-	(194)	(194)
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	10	-	10
Total	-	-	10	-	10
Balance as at 30 June 2015	153,652	22	298	(96,303)	57,669
Profit for the period, representing total comprehensive profit for the period	-	-	-	172	172
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	9	-	9
Total	-	-	9	-	9
Balance as at 30 September 2015	<u>153,652</u>	<u>22</u>	<u>307</u>	<u>(96,131)</u>	<u>57,850</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>
Company					
Balance as at 1 January 2014	135,873	22	1,538	(95,194)	42,239
Loss for the period, representing total comprehensive loss for the period	-	-	-	(276)	(276)
Transactions with owners, recognised directly in equity					
Reversal of expenses related to equity settled share-based payment	-	-	(10)	10	-
Issue of shares upon conversion of warrants	142	-	-	-	142
Issue of shares for settlement of professional fees	100	-	-	-	100
Recognition of share-based payments	-	-	13	-	13
Total	<u>242</u>	<u>-</u>	<u>3</u>	<u>10</u>	<u>255</u>
Balance as at 31 March 2014	<u>136,115</u>	<u>22</u>	<u>1,541</u>	<u>(95,460)</u>	<u>42,218</u>
Loss for the period, representing total comprehensive loss for the period	-	-	-	(162)	(162)
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(982)	(982)
Reversal of expenses related to equity settled share-based payment	-	-	(1,298)	1,298	-
Issue of shares upon conversion of warrants	4,057	-	-	-	4,057
Recognition of share-based payments	-	-	12	-	12
Total	<u>4,057</u>	<u>-</u>	<u>(1,286)</u>	<u>316</u>	<u>3,087</u>
Balance as at 30 June 2014	<u>140,172</u>	<u>22</u>	<u>255</u>	<u>(95,306)</u>	<u>45,143</u>
Profit for the period, representing total comprehensive profit for the period	-	-	-	85	85
Transactions with owners, recognised directly in equity					
Issue of shares upon conversion of warrants	13,484	-	-	-	13,484
Recognition of share-based payments	-	-	11	-	11
Total	<u>13,484</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>13,495</u>
Balance as at 30 September 2014	<u><u>153,656</u></u>	<u><u>22</u></u>	<u><u>266</u></u>	<u><u>(95,221)</u></u>	<u><u>58,723</u></u>

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

Issued share capital

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

In 3Q-14, the Company issued an additional 2,697,434,822 new ordinary shares at \$0.005 per share through conversion of 2,697,434,822 warrants.

As at 30 September 2015, the Company's issued and paid-up capital was \$153,652,141 (3Q-14: \$153,655,585) divided into 12,528,241,084 (3Q-14: 12,528,241,084) shares.

Warrants

The Company's warrants expired on 25 September 2014. Upon expiration of the warrants, the 224,525,693 outstanding warrants which were not exercised had lapsed.

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

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

	Number of ordinary shares	
	30-Sep-14	31-Dec-14
Issued and paid up	<u>12,528,241,084</u>	<u>12,528,241,084</u>

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

Not applicable

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

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

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

Not applicable

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

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

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") for accounting periods beginning 1 January 2015, where applicable.

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

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

Earnings per ordinary share <i>(based on consolidated net (loss) profit attributable to equity holders of the Company)</i>	3Q-15 cents	3Q-14 cents	YTD-15 cents	YTD-14 cents
- Basic	0.008	(0.030)	0.021	(0.030)
- Fully diluted	<u>0.008</u>	<u>(0.030)</u>	<u>0.021</u>	<u>(0.030)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 12,528,241,084 (3Q-14: 10,412,484,222).

Fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 12,529,381,993.

In 3Q-14 and YTD-14, the share options were antidilutive and hence disregarded in the calculation of diluted losses per share.

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-15	31-Dec-14	30-Sep-15	31-Dec-14
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	<u>0.49</u>	<u>0.47</u>	<u>0.46</u>	<u>0.46</u>

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

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

Revenue and (loss) profit after income tax

The Group's 3Q-15 revenue increased by 8% from \$73.6 million in 3Q-14 to \$79.7 million, with a year to-date 3% increase year-on-year from \$225.5 million to \$233.1 million. The increase in revenue was due mainly to the improvement in its DMS and AMS businesses. Revenue from the DPAS business however decreased by 18% from \$2.0 million in 3Q-14 to \$1.7 million in 3Q-15 owing to the economic slowdown in Malaysia.

The Group's and DMS gross profit margin decreased to 9% and 7% respectively due principally to the consolidation of the lower-margin prepaid cards business in Myanmar. AMS business also contributed lower margin in the quarter in view of higher cost of repairs but improved from 27% to 29% year on year due to a change in the revenue mix. Group's DPAS margin has been impacted by the increased cost of its imported materials arising from the weakening of the ringgit.

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 Singapore retail environment continues to be challenging with high rental and manpower costs, which impact our DMS operations. However efforts are being made to control costs and inventory.

For our DPAS operations in Malaysia, the weak ringgit and economy are key challenges but the business remains profitable. Our Ooredoo prepaid cards business is on track, as we continue to strengthen our partnership with Ooredoo as one of its key distributors in Myanmar.

In light of the above, the Group is cautiously optimistic of its performance for the remainder of 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/recommended, a statement to that effect

No dividend has been declared or recommend for the period.

13. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	\$'000	\$'000
Pacific Organisation Pte Ltd - Rental expenses	337	-
Total	337	-

Mr Ong Ghim Choon (Director and Chief Executive Officer of the Company) and his associate own a majority of the shares in Pacific Organisation Pte Ltd.

14. Use of proceeds

In 3Q-15, the Company did not utilize any proceeds from the conversion of warrants pursuant to the renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011.

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

BY ORDER OF THE BOARD

Ong Ghim Choon
Chief Executive Officer
12 November 2015

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

We, Philip Eng Heng Nee 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 2015 financial results to be false or misleading in any material respect.

Confirmation of Undertakings under Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Mainboard Rules.

On behalf of the Board of Directors

Philip Eng Heng Nee
Director

Ong Ghim Choon
Chief Executive Officer

Singapore, 12 November 2015