



MDR Limited

mDR Limited 2009 – Third Quarter Financial Statement

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	Q3-09	Q3-08	YTD 30-Sep-09	YTD 30-Sep-08	Q3 Inc/(Dec) %	YTD Inc/(Dec) %
Revenue	1(a)(i)	57,930	75,722	161,460	210,941	-23%	-23%
Cost of sales	1(a)(i)	(49,816)	(68,866)	(138,896)	(186,049)	-28%	-25%
Gross profit	1(a)(i)	8,114	6,856	22,564	24,892	18%	-9%
Other operating income	1(a)(ii)	131	73	283	1,562	79%	-82%
Administrative expenses	1(a)(iii)	(5,537)	(7,464)	(17,114)	(24,067)	-26%	-29%
Other operating expenses	1(a)(iv)	(5,020)	(1,297)	(5,848)	(5,469)	287%	7%
Finance cost	1(a)(v)	(222)	(275)	(685)	(954)	-19%	-28%
Net expenses		(10,648)	(8,963)	(23,364)	(28,928)	19%	-19%
Profit / (Loss) before income tax		(2,534)	(2,107)	(800)	(4,036)	20%	-80%
Income tax expense	1(a)(vi)	(1,749)	328	(1,850)	400	-633%	-563%
Profit / (Loss) for the period		<u>(4,283)</u>	<u>(1,779)</u>	<u>(2,650)</u>	<u>(3,636)</u>	141%	-27%
<u>Attributable to:</u>							
Equity holders of the parent company		(4,429)	(1,441)	(2,596)	(3,491)	207%	-26%
Minority interests		146	(338)	(54)	(145)	-143%	-63%
Profit / (Loss) attributable to shareholders		<u>(4,283)</u>	<u>(1,779)</u>	<u>(2,650)</u>	<u>(3,636)</u>	141%	-27%

Statements of comprehensive income for the quarter ended 30 September 2009

In S\$'000	Q3-09	Q3-08	YTD 30-Sep-09	YTD 30-Sep-08	Q3 Inc/(Dec) %	YTD Inc/(Dec) %
Profit / (Loss) for the period after tax	(4,283)	(1,779)	(2,650)	(3,636)	141%	-27%
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries	(88)	825	(2,714)	2,370	-111%	-215%
Total comprehensive income for the period	<u>(4,371)</u>	<u>(954)</u>	<u>(5,364)</u>	<u>(1,266)</u>	358%	324%
<u>Attributable to:</u>						
Equity holders of the parent company	(4,517)	(616)	(5,310)	(1,121)	633%	374%
Minority interests	146	(338)	(54)	(145)	-143%	-63%
Total comprehensive income for the period	<u>(4,371)</u>	<u>(954)</u>	<u>(5,364)</u>	<u>(1,266)</u>	358%	324%

1(a)(i) 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	Q3-09	Q3-08	YTD 30-Sep-09	YTD 30-Sep-08
<u>Revenue</u>				
AMS	6,328	7,886	19,234	24,444
DMS	51,602	67,836	142,226	186,497
	<u>57,930</u>	<u>75,722</u>	<u>161,460</u>	<u>210,941</u>
<u>Cost of Goods Sold and Spare Parts</u>				
AMS	(3,369)	(3,583)	(9,791)	(11,441)
DMS	(46,447)	(65,283)	(129,105)	(174,608)
	<u>(49,816)</u>	<u>(68,866)</u>	<u>(138,836)</u>	<u>(186,049)</u>
<u>Gross Profit</u>				
AMS	2,959	4,303	9,443	13,003
DMS	5,155	2,553	13,121	11,889
	<u>8,114</u>	<u>6,856</u>	<u>22,564</u>	<u>24,892</u>

AMS GP margin, quarter-to-quarter basis, decreased due to disposal of China subsidiaries in Q3-08 which had generated better margins.

DMS GP margin, quarter-to-quarter basis, improved for the distribution and retail business segments due to a focus on the sale of higher margin mobile phone models.

1(a)(ii) Other operating income consist of the following:

In S\$'000	Q3-09	Q3-08	YTD 30-Sep-09	YTD 30-Sep-08
Interest income	9	8	20	42
Rental income	83	26	183	113
Bad debt recovered	-	-	-	31
Write back of accounts payable	-	-	-	45
Write back of debts due to liquidation of subsidiary	-	-	-	33
Negative goodwill released to income	-	-	-	63
Reversal of provision for salary and leave encashment	-	38	-	38
Refund of GST	-	-	-	682
Compensation – Contract termination	-	-	-	484
Others	39	1	80	31
	<u>131</u>	<u>73</u>	<u>283</u>	<u>1,562</u>

1(a)(iii) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q3-09	Q3-08	YTD 30-Sep-09	YTD 30-Sep-08
<u>Staff Cost</u>				
AMS	2,655	3,729	8,123	12,389
DMS	1,787	1,990	5,215	6,076
	<u>4,442</u>	<u>5,719</u>	<u>13,338</u>	<u>18,465</u>

The lower administrative expenses for Q3-09 compared to the corresponding period in 2008 is mainly due to the job credits and reduction in headcount.

1(a)(iv) Included in other operating expenses are the following:

In S\$'000	Q3-09	Q3-08	YTD 30-Sep-09	YTD 30-Sep-08
Minimum lease payments under operating lease	1,719	1,681	5,003	5,297
Depreciation expenses	262	410	856	1,163
Provision / (Reversal) of impairment on fixed assets	-	-	(21)	-
Loss on disposal of subsidiary	-	751	-	751
Accelerated write-off of software license (Note I)	-	-	380	-
(Gain) / Loss on disposal of fixed assets	15	19	(3)	43
Write off of debts due to liquidation of subsidiaries	-	219	-	219
(Reversal) / Provision of receivables from related parties	822	-	822	-
(Reversal) / Provision of doubtful trade receivables	100	(427)	97	(406)
(Reversal) / Provision of allowance for doubtful other receivables	(45)	-	(41)	(1,799)
Provision / (Reversal) of allowance for inventories	-	4	(2)	139
(Gain) / Loss on foreign exchange (Note II)	(295)	640	(3,040)	2,062
Reversal of provision for restructuring cost	-	(2,000)	-	(2,000)
(Gain) / Loss from fair value adjustments for convertible bonds	(645)	-	(1,290)	-
Impairment of goodwill on consolidation (Note III)	3,087	-	3,087	-
	<u>5,020</u>	<u>1,297</u>	<u>5,848</u>	<u>5,469</u>

Note I : This represents loss on accelerated write-off of software license which is no longer required following the closure of the Mobile Value-Added Service entity.

Note II : The Group's inter-company balances are mainly denominated in Singapore Dollar ("SGD") and US Dollar ("USD"). During Q3-09, the USD has depreciated against SGD and Australian Dollar. The foreign exchange gain of \$0.3 million is due to translation gain on revaluation of such inter-company balances which were affected by the aforementioned currency fluctuations.

Note III: The goodwill arose from the acquisition of a certain subsidiary in FY2006. In view of the challenging economic conditions which may affect the business and cash flow forecast of the subsidiary, an impairment test of this goodwill resulted in the write-off of \$3.1 million.

1(a)(v) Finance cost

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

1(a)(vi) Income tax expense

The tax expense provision is calculated for profitable subsidiaries using the tax rates applicable in the jurisdictions where the companies in the Group operate.

The prior years' tax charge resulted from under accruals of income tax, which mainly resulted from: -

- i) Withdrawal of the Development Expansion Incentive "DEI" status from the holding company, which carried a special tax rate of 13%;
- ii) Inability to further pursue refunds for income tax paid.

1(b)(i) Statements 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 30-Sep-09	Group 31-Dec-08	Company 30-Sep-09	Company 31-Dec-08
ASSETS					
Current assets					
Cash		7,877	7,999	1,606	342
Cash pledged	1(c)(i)	1,816	1,816	101	101
Trade receivables	A	23,765	28,505	6,434	6,897
Other receivables and prepayments	B	3,626	6,573	7,386	11,937
Inventories	C	11,492	8,557	267	306
Total current assets		48,576	53,450	15,794	19,583
Non-current assets					
Investment in subsidiaries		-	-	15,483	15,483
Plant and equipment		2,682	3,637	316	414
Goodwill on consolidation		-	3,087	-	-
Other goodwill		2,500	2,500	-	-
Total non-current assets		5,182	9,224	15,799	15,897
Total assets		53,758	62,674	31,593	35,480
Current liabilities					
Bank overdraft		8,868	8,893	2,206	2,215
Trade payables	D	14,187	12,840	658	660
Other payables	E	10,496	13,993	10,896	10,275
Income tax payable		944	692	-	-
Obligations under finance leases		-	14	-	-
Convertible notes / bonds	F	8,550	12,850	8,550	12,850
Fair Value adjustment of convertibles	G	2,575	3,866	2,575	3,866
Total current liabilities		45,620	53,148	24,885	29,866
Non-current liabilities					
Obligations under finance leases		-	-	-	-
Deferred tax		209	214	-	-
Total non-current liabilities		209	214	-	-
Equity					
Issued capital	1(d)(i)	103,874	99,894	103,874	99,894
Capital redemption reserve		22	22	22	22
Share options reserve		2,162	2,161	2,162	2,161
Foreign currency translation reserve		1,575	4,289	-	-
Revenue reserve		(102,251)	(99,655)	(99,350)	(96,463)
Equity attributable to owners of the parent company		5,382	6,711	6,708	5,614
Minority interests		2,547	2,601	-	-
Total equity and liabilities		53,758	62,674	31,593	35,480

(A) Trade receivables

The trade receivables turnover days is 40 as at 30 September 2009 (31 December 2008 : 39 days).

(B) Other receivables and prepayments

The major components of other receivables and prepayments are tabulated below :

S\$'000	Group	
	<u>30-Sep-09</u>	<u>31-Dec-08</u>
Related parties	70	966
Recoverables	586	3,151
Deposits	1,946	2,003
Prepayments	812	859
Accrued interest receivables	<u>7</u>	<u>13</u>

(C) Inventories

The inventory turnover is 23 days for the quarter ended 30 September 2009 (31 December 2008 : 13 days)

Group inventory as at 30 September 2009 is \$11.5 million (31 December 2008 : \$8.6 million)

(D) Trade payables

Trade payables turnover days is 28 as at 30 September 2009 (31 December 2008 : 24 days).

(E) Other payables

The major components of other payables are tabulated below :

S\$'000	Group	
	<u>30-Sep-09</u>	<u>31-Dec-08</u>
Amount owing to related parties	211	255
Other payables to third parties	1,189	1,967
Accrued staff related expenses	1,944	1,429
Accrued operating expenses	6,444	9,626
Accrued restructuring costs	<u>658</u>	<u>658</u>

(F) Convertible notes (Balance \$0.55 million)

On 10 January 2008, approval was obtained from shareholders at the Company's extraordinary general meeting to approve the issue of up to \$32.0 million redeemable non-recallable structured convertible notes. As at 30 September 2009, the Company has issued a total of \$7.0 million convertible notes, of which \$6.45 million has been converted into ordinary shares.

Convertible bonds (Balance \$8.0 million)

On 25 April 2008, approval was obtained from shareholders at the Company's extraordinary general meeting to approve the issue of \$12.0 million convertible bonds. On 12 June 2008, the Company issued convertible bonds of \$12.0 million as repayment and discharge of \$12.0 million of the principal indebtedness of the Company and its subsidiaries to the Lenders. As at 30 September 2009, the Company has repaid a total of \$4.0 million to the bondholders.

(G) Fair value adjustment of convertibles

Under FRS 39, the Company has accounted for the liability and the derivative based on fair value through profit or loss and therefore, the difference in the fair value of the notes / bonds and derivative have not been recorded separately. Changes in the fair value of the convertible notes / bonds at fair value through profit or loss have been included in the profit or loss for the year.

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 September 2009		As at 31 December 2008	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	16,868	14	20,893

Note :

The unsecured borrowings of \$16.9 million comprises of :-

- a) \$8.9 million bank overdraft facilities and
- b) \$8.0 million convertible bonds [*Please refer to 1 (d) (ii) (ii), page 13*]

Amount repayable after one year

As at 30 September 2009		As at 31 December 2008	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	-	-

Details of collateral

Finance lease is secured by the fixed assets acquired under the lease arrangement.

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	Q3-09	Q3-08	YTD 30-Sep-09	YTD 30-Sep-08
Operating activities				
Profit (Loss) before income tax	(2,534)	(2,107)	(800)	(4,036)
Adjustments for				
Depreciation expense	262	410	856	1,163
Interest expense	222	275	685	954
Interest income	(9)	(8)	(20)	(42)
Accelerated write-off of software licence	-	-	380	-
(Gain) / loss on disposal of plant and equipment	15	19	(3)	43
Reversal of allowance for doubtful other receivables	822	-	822	(1,799)
Reversal of impairment on plant and equipment	-	-	(21)	-
Reversal of provision for restructuring cost	-	(2,000)	-	(2,000)
Loss on disposal of subsidiaries	-	345	-	345
Allowance for doubtful trade receivables	99	-	31	-
Provision / (Reversal) of allowance for inventories	-	4	(2)	139
Write off of non-trade debts	(45)	210	(41)	843
Write back of trade bad debts	-	8	66	(702)
Minority Interest of non-wholly owned subsidiary disposed	-	(207)	-	(207)
Negative goodwill released to income	-	-	-	(63)
Impairment of goodwill on consolidation	3,087	-	3,087	-
Fair value adjustments on convertible bonds	(645)	-	(1,290)	-
Operating cash flows before movements in working capital	1,274	(3,051)	3,750	(5,362)
Trade receivables	(917)	(6,144)	4,708	1,837
Other receivables and prepaid expenses	2,220	(1,214)	2,162	(479)
Inventories	(741)	4,137	(2,933)	377
Trade payables	2,190	3,873	1,347	4,871
Other payables	(186)	836	(3,497)	(8,831)
Cash used in operations	3,840	(1,563)	5,537	(7,587)
Interest received	9	8	20	42
Income tax paid	(1,558)	(209)	(1,603)	(483)
Net cash used in operating activities	2,291	(1,764)	3,954	(8,028)
Investing activities				
Purchase of plant and equipment (Note I)	(382)	(1,230)	(455)	(1,759)
Proceeds from disposal of plant and equipment	3	409	137	477
Net cash (used in) / generated from investing activities:	(379)	(821)	(318)	(1,282)
Financing activities				
Proceeds from issue of shares	500	650	4,300	2,150
Expenses in relation to issuance of convertible notes	-	-	(320)	(640)
Contribution by minority shareholders	-	392	-	392
Interest paid	(222)	(275)	(685)	(954)
Repayment of finance lease	(6)	(18)	(14)	(101)
Proceeds from issuance of convertible notes / bonds	-	(650)	-	12,850
Cash pledged	-	35	-	86
Redemption of convertible bonds	(2,000)	-	(4,000)	-
Decrease of convertible bonds / notes	500	-	(300)	-
Repayment of bank loans	-	-	-	(11,609)
Net cash (used in) / generated from financing activities	(1,228)	134	(1,019)	2,174
Net effect of foreign exchange rate changes	(88)	758	(2,714)	2,302
Net (decrease) increase in cash & cash equivalents	596	(1,693)	(97)	(4,834)
Cash & cash equivalents at beginning of year	(1,587)	(2,773)	(894)	368
Cash & cash equivalents at end of period	(991)	(4,466)	(991)	(4,466)

Note I : After netting S\$300,000 discount for software license

1(c)(i) Cash and cash equivalent at end of financial year :

In S\$'000	30-Sep-09	30-Sep-08
Cash	9,693	6,007
Bank overdraft	(8,868)	(8,657)
Less: Cash subject to restriction	<u>(1,816)</u>	<u>(1,816)</u>
	<u><u>(991)</u></u>	<u><u>(4,466)</u></u>

Amounts related to 30 September 2008 and 31 December 2008 have been reclassified to conform to current period classification.

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	Share capital	Capital redemption reserve	Share options reserve	Translation reserve	Revenue reserve	Attributable to equity holders of the Company	Minority interest	Total
Group (3 months ended 30 September 2008)								
Balance as at 1 July 2008	98,915	22	3,015	2,334	(79,836)	24,450	3,911	28,361
Total comprehensive income / (expense) for the period	-	-	-	825	(1,441)	(616)	(338)	(954)
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	650	-	-	-	-	650	-	650
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	392	392
Minority interest on non-wholly owned subsidiary disposed	-	-	-	-	-	-	(207)	(207)
Balance as at 30 September 2008	99,565	22	3,015	3,159	(81,277)	24,484	3,758	28,242
Group (3 months ended 30 September 2009)								
Balance as at 1 July 2009	103,374	22	2,162	1,663	(97,822)	9,399	2,401	11,800
Total comprehensive income / (expense) for the period	-	-	-	(88)	(4,429)	(4,517)	146	(4,371)
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	500	-	-	-	-	500	-	500
Balance as at 30 September 2009	103,874	22	2,162	1,575	(102,251)	5,382	2,547	7,929
Company (3 months ended 30 September 2008)								
Balance as at 1 July 2008	98,915	22	3,015	-	(88,664)	13,288	-	13,288
Total comprehensive income / (expense) for the period	-	-	-	-	6,047	6,047	-	6,047
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	650	-	-	-	-	650	-	650
Balance as at 30 September 2008	99,565	22	3,015	-	(82,617)	19,985	-	19,985
Company (3 months ended 30 September 2009)								
Balance as at 1 July 2009	103,374	22	2,162	-	(96,519)	9,039	-	9,039
Total comprehensive income / (expense) for the period	-	-	-	-	(2,831)	(2,831)	-	(2,831)
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	500	-	-	-	-	500	-	500
Balance as at 30 September 2009	103,874	22	2,162	-	(99,350)	6,708	-	6,708

In S\$'000	Share capital	Capital redemption reserve	Share options reserve	Translation reserve	Revenue reserve	Attributable to equity holders of the Company	Minority interest	Total
Group (9 months ended 30 September 2008)								
Balance as at 1 January 2008	98,055	22	3,015	789	(77,786)	24,095	3,781	27,876
Total comprehensive income / (expense) for the period	-	-	-	2,370	(3,491)	(1,121)	(145)	(1,266)
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	2,150	-	-	-	-	2,150	-	2,150
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	329	329
Minority interest of non-wholly owned subsidiary disposed	-	-	-	-	-	-	(207)	(207)
Balance as at 30 September 2008	99,565	22	3,015	3,159	(81,277)	24,484	3,758	28,242
Group (9 months ended 30 September 2009)								
Balance as at 1 January 2009	99,894	22	2,162	4,289	(99,655)	6,712	2,601	9,313
Total comprehensive income / (expense) for the period	-	-	-	(2,714)	(2,596)	(5,310)	(54)	(5,364)
Expenses in relation to issuance of convertible notes	(320)	-	-	-	-	(320)	-	(320)
Issue of shares upon conversion of convertible notes	4,300	-	-	-	-	4,300	-	4,300
Balance as at 30 September 2009	103,874	22	2,162	1,575	(102,251)	5,382	2,547	7,929
Company (6 months ended 30 September 2008)								
Balance as at 1 January 2008	98,055	22	3,015	-	(83,359)	17,733	-	17,733
Total comprehensive income / (expense) for the period	-	-	-	-	742	742	-	742
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	2,150	-	-	-	-	2,150	-	2,150
Balance as at 30 September 2008	99,565	22	3,015	-	(82,617)	19,985	-	19,985
Company (6 months ended 30 June 2009)								
Balance as at 1 January 2009	99,894	22	2,162	-	(96,463)	5,615	-	5,615
Total comprehensive income / (expense) for the period	-	-	-	-	(2,887)	(2,887)	-	(2,887)
Expenses in relation to issuance of convertible notes	(320)	-	-	-	-	(320)	-	(320)
Issue of shares upon conversion of convertible notes	4,300	-	-	-	-	4,300	-	4,300
Balance as at 30 September 2009	103,874	22	2,162	-	(99,350)	6,708	-	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

As at 30 September 2009, the issued ordinary shares of the Company numbered 2,515,283,303. During the quarter, the Company issued 111,111,111 ordinary shares that arose from the conversion of convertible notes.

Share Options

The mDR Limited Share Option Scheme 2003 (the "Scheme") was approved and adopted by members at the Extraordinary General Meeting held on 13 January 2003. The price at which a participant of the Scheme shall subscribe for each share upon the exercise of an option was determined based on the average closing prices of the shares for each of the last five market days immediately preceding the date of grant of the options ("Date of Grant"). The vesting period of the options commences on the date not earlier than the first anniversary of the Date of Grant and expires on the tenth anniversary of the Date of Grant.

The share options granted and exercised during the financial year and share options outstanding as at 30 September 2009 under the Scheme were as follows:

<u>Date of grant</u>	<u>Balance at 1 January 2009 or grant date if later</u>	<u>Lapsed/ Cancelled</u>	<u>Balance at 30 September, 2009</u>	<u>Subscription Price</u>	<u>Expiry date</u>
17 September 2003	1,388,566	(732,856)	655,710	\$0.3111	16 September 2013
14 April 2004	10,298,555	(1,446,426)	8,852,129	\$0.5063	13 April 2014
22 September 2005	11,238,000	-	11,238,000	\$0.1200	21 September 2010
10 January 2008	1,088,000	-	1,088,000	\$0.0550	09 January 2013
13 May 2008	22,000,000	(12,000,000)	10,000,000	\$0.0300	12 May 2018
	<u>46,013,121</u>	<u>(14,179,282)</u>	<u>31,833,839</u>		

Conversion of outstanding convertibles (Refer to statement of financial position **Note F**, \$8.55 million convertibles)

	<u>30 September 2009</u>	<u>30 September 2008</u>
Number of Shares	<u>956,790,124</u>	<u>1,413,125,763</u>
i)	On the convertible notes amounting to \$550,000, number of shares that may be issued is 67,901,235.	
ii)	On the convertible bonds amounting to \$8.00 million, the bondholders may choose to convert to ordinary shares or to receive repayment in a manner set out below :-	
	a) \$4.0 million due on or before 31 December 2009;	
	b) \$4.0 million due on or before 30 June 2010.	

The number of shares that may be issued for \$8.0 million convertible bonds as at 30 September 2009 is 888,888,889.

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.

	<u>Number of ordinary shares</u>	
	<u>2009</u>	<u>2008</u>
Issued and paid up	<u>2,515,283,303</u>	<u>1,784,727,752</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 for the period from 1 January 2009 to 30 September 2009 have not been audited or reviewed by our auditors.

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 accounting policies and methods of computation have been applied consistently. The Group and the Company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements as at 31 December 2008.

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 2009.

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	YTD	YTD
(based on consolidated net profit / (loss)	30-Sep-09	30-Sep-08
attributable to equity holders of the Company)	Cents	Cents
- Basic	(0.12)	(0.20)
- Fully diluted	<u>(0.12)</u>	<u>(0.20)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 2,079,366,230 (30 September 2008 : 1,721,382,827).

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 2,079,366,230 (30 September 2008 : 1,721,382,827).

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-09	31-Dec-08	30-Sep-09	31-Dec-08
	Cents	Cents	Cents	Cents
Net Asset Value (“NAV”) per share	<u>0.26</u>	<u>0.39</u>	<u>0.32</u>	<u>0.32</u>

The NAV per share as at 30 September 2009 is calculated based on 2,079,366,230 (31 December 2008: 1,737,728,536) 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

Revenue, on quarter-to-quarter basis, decreased by 23% to \$57.9 million. This is mainly due to:-

- i) decrease in DMS revenue of \$16.2 million due to lower distribution businesses;
- ii) decrease in AMS revenue of \$1.6 million due to disposal of non-profitable subsidiaries and lower revenue from Australia and India businesses.

Profit / (Loss) after income tax

In Q3-09, the Group reported a net loss after tax of \$4.3 million compared to a net loss of \$1.8 million in Q3-08 mainly due to non-cash charges. The details are as follows:-

- i) impairment of goodwill of \$3.1 million;
- ii) prior years' tax expense of \$1.6 million; *[For details, please refer to 1(a) (vi), page 4]*
- iii) allowance for doubtful receivables from related parties of \$0.8 million;

It is offsetted by fair value adjustments on convertible bonds of \$0.6 million.

Excluding these non-cash charges, the Group net profit would have been \$0.6 million.

At the operating level, the Group recorded an operating profit of \$1.1 million in Q3-09 as compared to an operating loss of \$2.6 million in Q3-08, due to better gross margin from DMS and lower administrative expenses. *[For adjustment to profit after tax, please refer to 1(a) (iv), page 3]*

Cash Flows

The net decrease in Group cash flow position is attributed mainly to the redemption of convertible bonds.

- 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**

On 30 September 2009, the Group had, on its own accord, accelerated the repayment of \$0.8 million of the convertible bonds variously due for payment between 31 October 2009 to 31 December 2009.

The Group continues to engage with its lenders on the remainder of the convertible bonds. Agreement between the lenders and the Group is crucial to the Group's ability to continue as a going concern.

The economic conditions remained challenging; barring any unforeseen circumstances, the group is cautiously optimistic of an improved performance in the 4th quarter.

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.

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 2009 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
Deputy Chief Executive Officer

Singapore, 9 November 2009