



MDR Limited

mDR Limited

Full Year and Fourth Quarter Financial Statements for the Period Ended 31 December 2010

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

In S\$'000	Notes	Q4-10	Q4-09	Inc/(Dec) %	YTD-10	YTD-09	Inc/(Dec) %
Continuing Operations							
Revenue	2	99,414	67,661	47%	315,779	224,679	41%
Cost of sales	2	(90,691)	(59,516)	52%	(284,358)	(197,072)	44%
Gross profit	2	<u>8,723</u>	<u>8,145</u>	7%	<u>31,421</u>	<u>27,607</u>	14%
Other income	3	552	210	163%	1,085	448	142%
Administrative expenses	4	(5,489)	(4,758)	15%	(19,345)	(18,935)	2%
Other operating expenses	5	(1,951)	(2,495)	-22%	(7,793)	(12,407)	-37%
Changes in fair value of convertibles designated as fair value through profit and loss		64	1,670	-96%	234	2,960	-92%
Finance cost	6	(185)	(207)	-11%	(762)	(890)	-14%
Total expenses		<u>(7,561)</u>	<u>(5,790)</u>	31%	<u>(27,666)</u>	<u>(29,272)</u>	-5%
Profit / (Loss) before income tax		<u>1,714</u>	<u>2,565</u>	-33%	<u>4,840</u>	<u>(1,217)</u>	498%
Income tax expense	7	(549)	(722)	-24%	(1,291)	(2,584)	-50%
Profit / (Loss) for the period from continuing operations		<u>1,165</u>	<u>1,843</u>	-37%	<u>3,549</u>	<u>(3,801)</u>	193%
Discontinued operations							
Profit for the period from discontinued operations	8	2,670	(1,819)	247%	2,693	1,175	129%
Profit / (Loss) for the period		<u>3,835</u>	<u>24</u>	15879%	<u>6,242</u>	<u>(2,626)</u>	338%
Attributable to:							
Equity holders of the parent company		3,363	35	9509%	4,963	(2,561)	294%
Non-controlling interests		472	(11)	4391%	1,279	(65)	2068%
Profit attributable to shareholders		<u>3,835</u>	<u>24</u>	15879%	<u>6,242</u>	<u>(2,626)</u>	338%

Statement of comprehensive income for the fourth quarter ended 31 December 2010

In S\$'000	Q4-10	Q4-09	Inc/(Dec) %	YTD-10	YTD-09	Inc/(Dec) %
Profit / (Loss) for the period after tax	3,835	24	15879%	6,242	(2,626)	338%
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries	(1,370)	1,399	-198%	(2,837)	(1,315)	116%
Total comprehensive income / (expense) for the period	<u>2,465</u>	<u>1,423</u>	73%	<u>3,405</u>	<u>(3,941)</u>	186%
Attributable to:						
Equity holders of the parent company	1,993	1,434	39%	2,126	(3,876)	155%
Non-controlling interests	472	(11)	4391%	1,279	(65)	2068%
Total comprehensive income / (expense) for the period	<u>2,465</u>	<u>1,423</u>	73%	<u>3,405</u>	<u>(3,941)</u>	186%

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	Q4-10	Q4-09	YTD-10	YTD-09
Profit / (Loss) for the period	1,165	1,843	3,549	(3,801)
<i>Adjusted for:</i>				
Changes in fair value of convertible notes/bonds	(64)	(1,670)	(234)	(2,960)
Loss / (Gain) on disposal of plant and equipment	(53)	125	7	497
Allowance/(Reversal) of impairment for plant and equipment	-	22	62	-
Plant and equipment written off	10	-	13	2
Impairment of goodwill on consolidation	-	150	-	3,237
Allowance / (Reversal) for doubtful debts - trade	54	(5)	54	26
Allowance / (Reversal) for doubtful debts - non-trade	43	(63)	64	759
Bad debts written off - trade	7	20	7	86
Bad debts written off - non-trade	1	(6)	11	(43)
Liabilities written back	(206)	(30)	(211)	(30)
Foreign exchange (gain) / loss	76	96	(58)	492
Provision for closure of subsidiaries	438	155	765	155
Provision for inventory obsolescence	170	256	847	379
Total adjustments	476	(950)	1,327	2,600
Operation profit/(loss) after tax	1,641	893	4,876	(1,201)

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	Q4-10	Q4-09	YTD-10	YTD-09
Revenue				
AMS	4,286	4,990	18,775	19,783
DMS	95,128	62,671	297,004	204,896
	<u>99,414</u>	<u>67,661</u>	<u>315,779</u>	<u>224,679</u>
Cost of Goods Sold and Spare Parts				
AMS	(3,015)	(3,099)	(12,266)	(11,675)
DMS	(87,676)	(56,417)	(272,092)	(185,397)
	<u>(90,691)</u>	<u>(59,516)</u>	<u>(284,358)</u>	<u>(197,072)</u>
Gross Profit				
AMS	1,271	1,891	6,509	8,108
DMS	7,452	6,254	24,912	19,499
	<u>8,723</u>	<u>8,145</u>	<u>31,421</u>	<u>27,607</u>
GP%				
AMS	30%	38%	35%	41%
DMS	8%	10%	8%	10%
	<u>9%</u>	<u>12%</u>	<u>10%</u>	<u>12%</u>

Total gross profits for 4Q-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 continues to remain buoyant.

Note 3 Other income consists of the following:

In S\$'000	Q4-10	Q4-09	YTD-10	YTD-09
Interest income	2	4	9	12
Rental income	176	166	653	349
Bad debts recovered - non-trade	152	-	152	-
Liabilities written back	206	30	211	30
Others	16	10	60	57
	<u>552</u>	<u>210</u>	<u>1,085</u>	<u>448</u>

Note 4 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q4-10	Q4-09	YTD-10	YTD-09
<u>Staff Cost</u>				
AMS	1,306	853	6,012	6,716
DMS	2,240	2,139	8,161	7,354
	<u>3,546</u>	<u>2,992</u>	<u>14,173</u>	<u>14,070</u>

Included in staff cost is share option expense of \$5,000 (4Q-09: \$172,000).

Q4-09 AMS staff cost of \$853,000 was net of bonus reversal amounting to \$588,000.

Note 5 Other operating expenses consist of the following:

In S\$'000	Q4-10	Q4-09	YTD-10	YTD-09
Rental expenses	1,423	1,673	5,989	6,007
Depreciation expenses	220	227	797	965
Allowance / (Reversal) of impairment for plant and equipment	-	22	62	-
Plant and equipment written off	10	-	13	2
Impairment of goodwill on consolidation	-	150	-	3,237
Loss / (Gain) on disposal of plant and equipment	(53)	125	7	497
Allowance / (Reversal) for doubtful debts - trade	54	(5)	54	26
Allowance/ (Reversal) for doubtful debts - non-trade	43	(63)	64	759
Bad debts written off - trade	7	20	7	86
Bad debts written off - non-trade	1	(6)	11	(43)
Provision for inventory obsolescence	170	256	847	379
Foreign exchange (gain) / loss*	76	96	(58)	492
	<u>1,951</u>	<u>2,495</u>	<u>7,793</u>	<u>12,407</u>

* The foreign exchange loss (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	Q4-10	Q4-09	YTD-10	YTD-09
Revenue	-	794	139	5,236
Cost of sales	-	(144)	(236)	(1,359)
Gross profit / (loss)	-	650	(97)	3,877
Other operating income	4	(11)	133	34
Administrative expenses #	4	223	(380)	(2,714)
Other operating expenses	(86)	(293)	(1,411)	2,356
Finance costs	-	-	(10)	(2)
(Loss) / Profit before income tax	(78)	569	(1,765)	3,551
Income tax expense	(7)	(4)	(7)	8
(Loss) / Profit for the period	(85)	565	(1,772)	3,559
Gain / (loss) arising from de-consolidation of disposed subsidiaries	2,755	(2,384)	4,465	(2,384)
Profit / (loss) from discontinued operations	<u>2,670</u>	<u>(1,819)</u>	<u>2,693</u>	<u>1,175</u>

Reversal of expenses resulting in credit balance in administrative expenses for Q4-10 and Q4-09.

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 to unrelated parties at S\$1 each in September 2010.

The Group disposed its wholly owned subsidiaries mDR Services (India) Private Limited and Accord Customer Care Solutions (India) Private Limited to unrelated parties at Indian Rp1 each in November 2010.

The Group deregistered its wholly-owned subsidiary PT Accord Express Customer Care Solutions and majority-owned subsidiary PT Accord Customer Care Solutions in December 2010.

The gain arising from de-consolidation of above subsidiaries is mainly derived from reversal of foreign currency translation and payable amount (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	
		31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
ASSETS					
Current assets					
Cash and bank balances		12,025	9,180	2,975	492
Cash pledged		2,224	1,715	-	-
Trade receivables	1	23,260	27,348	820	6,072
Other receivables and prepayments	2	3,768	4,503	12,243	9,065
Inventories	3	13,124	10,964	375	330
Total current assets		<u>54,401</u>	<u>53,710</u>	<u>16,413</u>	<u>15,959</u>
Non-current assets					
Investment in subsidiaries		-	-	9,936	10,002
Plant and equipment		2,101	2,040	68	114
Other goodwill		2,350	2,350	-	-
Total non-current assets		<u>4,451</u>	<u>4,390</u>	<u>10,004</u>	<u>10,116</u>
Total assets		<u><u>58,852</u></u>	<u><u>58,100</u></u>	<u><u>26,417</u></u>	<u><u>26,075</u></u>
Current liabilities					
Bank overdrafts		8,678	8,850	2,037	2,203
Convertible notes / bonds	4	5,350	8,050	5,350	8,050
Fair Value adjustment of convertibles	4	589	813	589	813
Trade payables	5	12,976	15,628	537	558
Other payables	6	10,948	12,917	5,092	11,505
Income tax payable		1,652	1,490	-	-
Total current liabilities		<u>40,193</u>	<u>47,748</u>	<u>13,605</u>	<u>23,129</u>
Non-current liability					
Deferred tax		274	237	-	-
Total non-current liability		<u>274</u>	<u>237</u>	<u>-</u>	<u>-</u>
Equity					
Issued capital		109,456	104,466	109,456	104,466
Capital redemption reserve		22	22	22	22
Share options reserve		1,761	1,836	1,761	1,836
Foreign currency translation reserve		137	2,974	-	-
Revenue reserve		(96,667)	(101,719)	(98,427)	(103,378)
Equity attributable to owners of the parent company		<u>14,709</u>	<u>7,579</u>	<u>12,812</u>	<u>2,946</u>
Minority interests		3,676	2,536	-	-
Total equity and liabilities		<u><u>58,852</u></u>	<u><u>58,100</u></u>	<u><u>26,417</u></u>	<u><u>26,075</u></u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 31 December 2010 is 29 days (31 December 2009: 44 days).

2 Other receivables and prepayments

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

S\$'000	31-Dec-10	31-Dec-09
Rental deposits	1,590	1,663
Other receivables	1,987	853
Prepayments	<u>123</u>	<u>802</u>

Other receivables of \$1.9 million as at 31 December 2010 mainly comprised credit notes of \$0.9 million to be received from principals in relation to sell through, advertising and promotion support, and advanced payment of \$0.7 million for goods purchased.

3 Inventories

The Group's inventory turnover is 15 days for the period ended 31 December 2010 (31 December 2009: 18 days).

Group inventory as at 31 December 2010 is \$13.1 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 2011 amounting to \$32,000,000. As at 31 December 2010, the Company has issued a total of \$12,000,000 (31 December 2009: \$7,500,000) and the holder of the convertible notes has converted \$11,950,000 (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.

Subsequent to the Balance Sheet date, the Notes expired on 17 February 2011 with all outstanding notes fully converted into equity shares.

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

The Group's trade payables turnover is 18 days as at 31 December 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

The Group's other payables mainly consist of the following:

S\$'000	31-Dec-10	31-Dec-09
Advertising, promotion and sell through funds from principals	2,799	2,374
Other payables to third parties	1,313	1,371
Accrued staff costs	1,242	900
Rebates owing to franchisees	1,961	2,574
Accrued purchases	520	1,069
Other accrued operating expenses	<u>836</u>	<u>1,763</u>

Other payables have decreased since December 2009 due to de-consolidation of certain subsidiaries upon disposals.

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

Amount repayable in one year or less, or on demand

As at 31-Dec-10		As at 31-Dec-09	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	14,028	-	16,900

Note :

The unsecured borrowings of \$14.0 million comprises of:

- a) \$8.7 million bank overdraft facilities and
- b) \$5.3 million convertible notes / bonds *[Refer to 1(d)(ii) on page 14]*

Amount repayable after one year

As at 31-Dec-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	Q4-10	Q4-09	YTD-10	YTD-09
Operating activities				
Profit / (Loss) before income tax from continuing operations	1,714	2,565	4,840	(1,217)
Profit / (Loss) before income tax from discontinued operations	2,677	(1,815)	2,700	1,167
	<u>4,391</u>	<u>750</u>	<u>7,540</u>	<u>(50)</u>
Adjustments for:				
Depreciation expense	220	250	819	1,107
Interest expense	185	206	772	892
Interest income	(2)	(6)	(10)	(26)
(Gain) / (Loss) on disposal of plant and equipment	(53)	183	14	560
Provision for inventory obsolescence	170	273	1,022	396
Allowance / (Reversal) for impairment of plant and equipment	3	267	62	246
Impairment of goodwill on consolidation	-	-	-	3,087
Impairment of other goodwill	-	150	-	150
Plant and equipment written off	10	-	114	-
(Gain) / Loss on disposal of subsidiaries	(2,755)	2,384	(4,465)	2,384
Bad debts written off - trade	7	-	7	-
Bad debts written off - non-trade	1	41	12	-
Bad debts written back - trade	-	(66)	-	-
Allowance / (Reversal) for doubtful debts – trade	53	557	183	588
Allowance / (Reversal) for doubtful debts – non-trade	150	(43)	476	779
Share-based payments	5	172	14	172
Changes in fair value of convertible notes/bonds designated as fair value through profit or loss	(64)	(1,670)	(234)	(2,960)
Liabilities written back	(227)	(105)	(336)	(105)
Net foreign exchange losses / (gains)	122	2,594	196	(120)
Operating cash flows before movements in working capital	<u>2,216</u>	<u>5,937</u>	<u>6,186</u>	<u>7,100</u>
Trade receivables	1,992	(4,720)	3,782	(12)
Other receivables and prepayments	274	(872)	7	1,291
Inventories	(4,743)	136	(3,202)	(2,922)
Trade payables	(255)	(4,067)	(2,296)	(2,720)
Other payables	(1,613)	5,292	(234)	1,794
Cash (used in) / generated from operations	<u>(2,129)</u>	<u>1,706</u>	<u>4,243</u>	<u>4,531</u>
Interest received	2	6	10	26
Income tax paid	(487)	(152)	(1,020)	(1,755)
Net cash (used in) / generated from operating activities	<u>(2,614)</u>	<u>1,560</u>	<u>3,233</u>	<u>2,802</u>
Investing activities				
Purchase of plant and equipment	(890)	(474)	(1,239)	(930)
Proceeds from disposal of plant and equipment	78	341	140	478
Net cash outflows on disposal of subsidiaries (Note A)	(14)	-	(136)	-
Net cash used in investing activities	<u>(826)</u>	<u>(133)</u>	<u>(1,235)</u>	<u>(452)</u>
Financing activities				
Interest paid	(185)	(206)	(772)	(892)
Repayment of finance lease	-	-	-	(14)
Proceeds from issuance of convertible notes, net	2,500	499	4,500	4,179
Cash pledged	-	-	(509)	101
Redemption of convertible bonds	(670)	(500)	(2,200)	(4,500)
Net cash generated /(used in) financing activities	<u>1,645</u>	<u>(207)</u>	<u>1,019</u>	<u>(1,126)</u>
Net (decrease) / increase in cash and cash equivalents	(1,795)	1,220	3,017	1,224
Cash and cash equivalents at beginning of period	5,142	(890)	330	(894)
Cash and cash equivalents at end of period	<u>3,347</u>	<u>330</u>	<u>3,347</u>	<u>330</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.

In 4Q-10, the Group disposed its wholly owned subsidiaries mDR Services (India) Private Limited and Accord Customer Care Solutions (India) Private Limited, and deregistered its wholly-owned subsidiary PT Accord Express Customer Care Solutions and majority-owned subsidiary PT Accord Customer Care Solutions.

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

In S\$'000	Q4-10	Q4-09	YTD-10	YTD-09
Assets	14	1,462	545	1,462
Liabilities	(1,217)	(786)	(1,835)	(786)
Net assets / (liabilities) derecognised	(1,203)	676	(1,290)	676
Less: Non-controlling interests	107	-	139	-
Net assets / (liabilities) disposed	(1,310)	676	(1,429)	676
Net assets / (liabilities) disposed as above	(1,310)	676	(1,429)	676
Reclassification of currency translation reserve	(1,445)	1,708	(3,036)	1,708
Gain / (Loss) on disposal	2,755	(2,384)	4,465	(2,384)
Cash proceeds from disposal	-	-	-	-
Less: Cash balance in subsidiaries disposed of	(14)	-	(136)	-
Net cash outflows on disposal	(14)	-	(136)	-

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

In S\$'000	31-Dec-10	31-Dec-09
Cash	14,249	10,895
Bank overdrafts	(8,678)	(8,850)
Less: Cash pledged	(2,224)	(1,715)
Cash and cash equivalents	3,347	330

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</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	105,466	22	1,836	2,482	(101,419)	8,387	2,711	11,098
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	106,966	22	1,751	2,433	(100,795)	10,377	2,936	13,313
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	106,966	22	1,756	1,507	(100,030)	10,221	3,344	13,565
Total comprehensive income / (expense) for the period	-	-	-	(1,370)	3,363	1,993	472	2,465
Convertible note – Fair value loss	(10)	-	-	-	-	(10)	-	(10)
Issue of shares upon conversion of convertible notes	2,500	-	-	-	-	2,500	-	2,500
Disposal of subsidiaries	-	-	-	-	-	-	(140)	(140)
Recognition of share-based payments	-	-	5	-	-	5	-	5
Balance as at 31 December 2010	109,456	22	1,761	137	(96,667)	14,709	3,676	18,385

<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</u>	<u>Total</u>
Group								
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	(321)	-	-	-	-	(321)	-	(321)
Issue of shares upon conversion of convertible notes	3,650	-	-	-	-	3,650	-	3,650
Balance as at 30 June 2009	<u>103,373</u>	<u>22</u>	<u>2,162</u>	<u>1,663</u>	<u>(97,821)</u>	<u>9,399</u>	<u>2,401</u>	<u>11,800</u>
Total comprehensive income / (expense) for the period	-	-	-	(88)	(4,431)	(4,519)	146	(4,373)
Issue of shares upon conversion of convertible notes	500	-	-	-	-	500	-	500
Balance as at 30 September 2009	<u>103,873</u>	<u>22</u>	<u>2,162</u>	<u>1,575</u>	<u>(102,252)</u>	<u>5,380</u>	<u>2,547</u>	<u>7,927</u>
Total comprehensive income / (expense) for the period	-	-	-	1,399	35	1,434	(11)	1,423
Convertible note – Fair value loss	93	-	-	-	-	93	-	93
Reversal of expenses related to equity-settled share-based payment	-	-	(498)	-	498	-	-	-
Issue of shares upon conversion of convertible notes	500	-	-	-	-	500	-	500
Recognition of share-based payments	-	-	172	-	-	172	-	172
Balance as at 31 December 2009	<u><u>104,466</u></u>	<u><u>22</u></u>	<u><u>1,836</u></u>	<u><u>2,974</u></u>	<u><u>(101,719)</u></u>	<u><u>7,579</u></u>	<u><u>2,536</u></u>	<u><u>10,115</u></u>

<u>In S\$'000</u>	<u>Share capital</u>	<u>Capital redemption reserve</u>	<u>Share options reserve</u>	<u>Revenue reserve</u>	<u>Total</u>
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	<u>105,466</u>	<u>22</u>	<u>1,836</u>	<u>(103,513)</u>	<u>3,811</u>
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	<u>106,966</u>	<u>22</u>	<u>1,751</u>	<u>(102,002)</u>	<u>6,737</u>
Total comprehensive income / (expense) for the period	-	-	-	3,078	3,078
Recognition of share-based payments	-	-	5	-	5
Balance as at 30 September 2010	<u>106,966</u>	<u>22</u>	<u>1,756</u>	<u>(98,924)</u>	<u>9,820</u>
Total comprehensive income / (expense) for the period	-	-	-	497	497
Convertible note – Fair value loss	(10)	-	-	-	(10)
Issue of shares upon conversion of convertible notes	2,500	-	-	-	2,500
Recognition of share-based payments	-	-	5	-	5
Balance as at 31 December 2010	<u>109,456</u>	<u>22</u>	<u>1,761</u>	<u>(98,427)</u>	<u>12,812</u>
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	<u>100,044</u>	<u>22</u>	<u>2,162</u>	<u>(95,755)</u>	<u>6,473</u>
Total comprehensive income / (expense) for the period	-	-	-	(764)	(764)
Expenses in relation to issuance of convertible notes	(321)	-	-	-	(321)
Issue of shares upon conversion of convertible notes	3,650	-	-	-	3,650
Balance as at 30 June 2009	<u>103,373</u>	<u>22</u>	<u>2,162</u>	<u>(96,519)</u>	<u>9,038</u>
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	<u>103,873</u>	<u>22</u>	<u>2,162</u>	<u>(99,350)</u>	<u>6,707</u>
Total comprehensive income / (expense) for the period	-	-	-	(4,526)	(4,526)
Convertible note – Fair value loss	93	-	-	-	93
Reversal of expenses related to equity-settled share-based payment	-	-	(498)	498	-
Issue of shares upon conversion of convertible notes	500	-	-	-	500
Recognition of share-based payments	-	-	172	-	172
Balance as at 31 December 2009	<u>104,466</u>	<u>22</u>	<u>1,836</u>	<u>(103,378)</u>	<u>2,946</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

The Company issued an additional 555,555,552 new ordinary shares during the quarter ended 31 December 2010 (4Q09: 111,111,111) at \$0.0045 (4Q09: \$0.0045) per share through conversion of convertible notes.

As a result, the Company's issued and paid-up capital increased to \$109,456,727 divided into 3,737,505,521 shares as at 31 December 2010.

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 31 December 2010, there were 39,495,274 (31 December 2009: 31,218,126) outstanding share option, which comprised approximately 1.1% of the Company's share capital of 3,737,505,521 issued shares at 31 December 2010.

(ii) Convertibles Notes

At 31 December 2010, there were \$50,000 (31 December 2009: \$550,000) outstanding convertible notes which would entitle the holders to subscribe for a total of 9,259,259 (31 December 2009: 122,222,222) ordinary shares. Subsequent to 31 December 2010, the outstanding notes of \$50,000 were fully converted into equity shares before expiry of the Notes on 17 February 2011.

(iii) Convertible Bonds

On the outstanding convertible bonds amounting to \$5.30 million, \$1.3 million and \$4.0 million matured on 31 December 2009 and 30 June 2010 respectively. 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 31 December 2010, the number of shares issued for \$5.30 million (31 December 2009: 7.50 million) convertible bonds would have been 981,481,481 (31 December 2009: 1,595,744,681).

Save as disclosed above, the Company has no other outstanding convertibles and treasury shares at 31 December 2010 and 31 December 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	
	31-Dec-10	31-Dec-09
Issued and paid up	<u>3,737,505,521</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>	Q4-10 cents	Q4-09 cents	YTD-10 cents	YTD-09 cents
From continuing and discontinued operations:				
- Basic	0.11	0.00	0.16	(0.12)
- Fully diluted	<u>0.08</u>	<u>0.00</u>	<u>0.12</u>	<u>(0.08)</u>
From continuing operations:				
- Basic	0.03	0.08	0.08	(0.17)
- Fully diluted	<u>0.02</u>	<u>0.06</u>	<u>0.06</u>	<u>(0.12)</u>
From discontinuing operations:				
- Basic	0.08	(0.08)	0.08	0.05
- Fully diluted	<u>0.06</u>	<u>(0.06)</u>	<u>0.06</u>	<u>0.04</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 3,137,931,704 (31 December 2009: 2,209,198,830).

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 4,149,991,572 (31 December 2009: 3,173,959,103).

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	
	31-Dec-10	31-Dec-09	31-Dec10	31-Dec-09
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	<u>0.39</u>	<u>0.29</u>	<u>0.34</u>	<u>0.11</u>

The NAV per share as at 31 December 2010 is calculated based on 3,737,505,521 (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 47% and 41% respectively, the increase being entirely from DMS businesses. DMS distribution and retail businesses in 4Q-10 and YTD-10 were relatively higher compared to 4Q-09 and YTD-09 due to the improving economy since the last quarter of 2009.

In 4Q-10, the Group reported net profit after tax from continuing operations of \$1.2 million; if net non-cash charges (except for depreciation) were excluded, the Group's operating profit would be at \$1.6 million (Please refer to page 2 under Note 1). For 4Q-09, the fair value gain on convertible notes/bonds of \$1.7 million had contributed significantly to the net profit of \$1.8 million. Excluding the fair value gain and other net non-cash items, the Group's operating profit would have been \$0.9 million for 4Q-09 (Please refer to page 2 under Note 1).

For YTD-10, the Group reported net profit after tax from continuing operations of \$3.5 million, compared to net loss after tax of \$3.8 million in YTD-09. If net non-cash items were excluded, the Group would have reported an operating profit of \$4.9 million in YTD-10, compared to an operating loss of \$1.2 million in YTD-09 (Please refer to page 2 under Note 1).

The improvement in operating performance in 4Q-10 and YTD-10 as compared to the corresponding periods in 2009 was mainly due to the higher contributions from DMS businesses.

Cash Flows

Net increase in cash outflows for Q4-10 as compared to the corresponding period in 2009 is due to more purchases of handsets and mobile accessories at period end.

Year-on-year, net cash inflows for 2010 was comparatively higher in view of the lower redemption of convertible bonds compared to 2009.

As at 31 December 2010, the Group's working capital increased to \$14.2 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 proposed debt restructuring exercise remains outstanding. 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.

The Singapore economy is expected to grow between 4% to 6% in this financial year. The Group, being in the local retail and distribution business, looks forward to benefitting from this continued growth.

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. **Segment revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

For management purposes, the Group is organized in two business segments, After-Market Services ("AMS") and Distribution Management Solutions ("DMS"). The segments are the basis which the Group reports information to the Group's chief operating decision maker for the purposes of resource allocation and assessment of the segment information.

(a) Business Segments

FY2010

	Continuing operations				Discontinued operations	Total
	AMS \$'000	DMS \$'000	Unallocated \$'000	Total \$'000	AMS \$'000	\$'000
Segment revenue						
External	18,775	297,004	-	315,779	139	315,918
Inter-segment	-	-	-	-	-	-
	<u>18,775</u>	<u>297,004</u>	<u>-</u>	<u>315,779</u>	<u>139</u>	<u>315,918</u>
Segment result	(2,380)	6,681	-	4,301	(1,386)	2,915
Rental income				653	-	653
Dividend income				152	-	152
Gain from disposal of discontinued operations				-	4,465	4,465
Net foreign exchange (loss)/gain				58	(487)	(429)
Loss on disposal of plant and equipment				(7)	(7)	(14)
Change in fair value of financial liabilities designated as at fair value				234	-	234
Liabilities written back				211	125	336
Finance costs				(762)	(10)	(772)
Profit before income tax				<u>4,840</u>	<u>2,700</u>	<u>7,540</u>
Income tax expense				<u>(1,291)</u>	<u>(7)</u>	<u>(1,298)</u>
Net profit for the year				<u>3,549</u>	<u>2,693</u>	<u>6,242</u>
Segment assets	<u>5,972</u>	<u>50,530</u>	<u>2,350</u>	<u>58,852</u>	<u>-</u>	<u>58,852</u>
Segment liabilities	<u>(12,171)</u>	<u>(26,644)</u>	<u>(1,652)</u>	<u>(40,467)</u>	<u>-</u>	<u>(40,467)</u>
Other segment information						
Capital expenditure	20	1,219	-	1,239	-	1,239
Depreciation and amortisation	95	702	-	797	22	819
Impairment of plant and Equipment	62	-	-	62	-	62
Impairment of goodwill	-	-	-	-	-	-

FY2009

	Continuing operations			Discontinued operations	Total
	AMS \$'000	DMS \$'000	Unallocated \$'000	AMS \$'000	\$'000
Segment revenue					
External	19,783	204,896	-	224,679	5,236
Inter-segment	-	-	-	-	-
	19,783	204,896	-	224,679	5,236
Segment result	(3,655)	1,008	-	(2,647)	(289)
Rental income				349	-
Loss from disposal of discontinued operations				-	(2,384)
Net foreign exchange (loss)/gain				(492)	3,903
Loss on disposal of plant and equipment				(497)	(61)
Change in fair value of financial liabilities designated as at fair value				2,960	-
Finance costs				(890)	(2)
(Loss) Profit before income tax				(1,217)	1,167
Income tax expense (credit)				(2,584)	8
Net (loss) profit for the year				(3,801)	1,175
Segment assets	5,248	49,080	2,350	56,678	1,422
Segment liabilities	(16,690)	(28,738)	(769)	(46,197)	(1,788)
Other segment information					
Capital expenditure	42	888	-	930	-
Depreciation and amortisation	291	674	-	965	142
Impairment of plant and Equipment	-	-	-	-	246
Impairment of goodwill	3,087	150	-	3,237	-

(b) Geographical segment

Segment revenue

	Sales for continuing operations	
	FY2010 \$'000	FY2009 \$'000
Singapore	314,465	223,584
Malaysia	1,314	1,095
Revenue from continuing operations	315,779	224,679

Other geographical information

	Segment non-current assets	
	FY2010 \$'000	FY2009 \$'000
Singapore	4,376	4,057
Malaysia	75	205
Discontinued operations	-	128
Total	4,451	4,390

14. In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.

Please refer to paragraphs 8 and 13.

15. A breakdown of sales

	Group		
	FY2010 \$'000	FY2009 \$'000	Inc/ (Dec) %
Sales reported from continuing operations for first half year	139,772	100,456	39
Operating profit/(loss) from continuing operations after tax before deducting minority interests reported for first half year	1,657	(776)	314
Sales reported from continuing operations for second half year	176,007	124,223	42
Operating profit/(loss) from continuing operations after tax before deducting minority interests reported for second half year	1,892	(3,025)	163

Financial results for the first half year have been re-presented to show the discontinued operations separately from continuing operations for subsidiaries disposed in the second half of the year.

16. 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	\$'000 616	\$'000 Nil

BY ORDER OF THE BOARD

Ong Ghim Choon
Chief Executive Officer

18 February 2011