



MDR Limited

mDR Limited

Second Quarter Financial Statements for the Period Ended 30 June 2011

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

In S\$'000	Notes	2Q-11	2Q-10	Inc/(Dec) %	1H-11	1H-10	Inc/(Dec) %
Continuing operations							
Revenue	1	90,242	69,624	30%	178,898	139,772	28%
Cost of sales	1	(81,910)	(62,147)	32%	(162,537)	(125,016)	30%
Gross profit	1	8,332	7,477	11%	16,361	14,756	11%
Other income	2	700	173	305%	1,040	308	238%
Administrative expenses	3	(4,620)	(4,417)	5%	(9,384)	(9,066)	4%
Other operating expenses	4	(2,348)	(1,899)	24%	(4,619)	(3,780)	22%
Changes in fair value of convertible loan notes designated as fair value through profit and loss		-	56	N.M.	589	113	421%
Finance cost	5	(114)	(183)	-38%	(287)	(387)	-26%
Total expenses		(7,082)	(6,443)	10%	(13,701)	(13,120)	4%
Profit before income tax		1,950	1,207	62%	3,700	1,944	90%
Income tax expense	6	(320)	(170)	88%	(606)	(322)	88%
Profit for the period from continuing operations		1,630	1,037	57%	3,094	1,622	91%
Discontinued operations							
Profit (Loss) for the period from discontinued operations	7	(18)	(278)	-94%	14	(388)	104%
Profit for the period		1,612	759	112%	3,108	1,234	152%
Other comprehensive income							
Currency translation differences arising from consolidation		17	28	-39%	54	(421)	113%
Reclassification of currency translation reserves on disposals of subsidiaries		-	(77)	N.M.	-	(120)	N.M.
Other comprehensive profit (loss) for the period, net of tax		17	(49)	135%	54	(541)	110%
Total comprehensive income for the period		<u>1,629</u>	<u>710</u>	129%	<u>3,162</u>	<u>693</u>	356%
Profit attributable to:							
Owners of the Company		1,425	535	166%	2,612	835	213%
Non-controlling interests		187	224	-17%	496	399	24%
Total comprehensive income		<u>1,612</u>	<u>759</u>	112%	<u>3,108</u>	<u>1,234</u>	152%
Total comprehensive income attributable to:							
Owners of the Company		1,442	486	197%	2,666	294	807%
Non-controlling interests		187	224	-17%	496	399	24%
		<u>1,629</u>	<u>710</u>	129%	<u>3,162</u>	<u>693</u>	356%

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 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	2Q-11	2Q-10	1H-11	1H-10
Revenue				
AMS	4,779	4,944	8,715	9,717
DMS	85,463	64,680	170,183	130,055
	<u>90,242</u>	<u>69,624</u>	<u>178,898</u>	<u>139,772</u>
Cost of goods sold and spare parts				
AMS	(3,253)	(3,175)	(6,041)	(6,084)
DMS	(78,657)	(58,972)	(156,496)	(118,932)
	<u>(81,910)</u>	<u>(62,147)</u>	<u>(162,537)</u>	<u>(125,016)</u>
Gross profit				
AMS	1,526	1,769	2,674	3,633
DMS	6,806	5,708	13,687	11,123
	<u>8,332</u>	<u>7,477</u>	<u>16,361</u>	<u>14,756</u>
GP%				
AMS	32%	36%	31%	37%
DMS	8%	9%	8%	9%
	<u>9%</u>	<u>11%</u>	<u>9%</u>	<u>11%</u>

Total gross profits for 2Q-11 and 1H-11 improved over the previous years comparative periods due to higher sales volume from DMS.

Note 2 Other income consist of the following:

In S\$'000	2Q-11	2Q-10	1H-11	1H-10
Interest income	-	2	2	4
Rental income	491	122	763	255
Bad debts recovered - non-trade	7	-	7	-
Liabilities written back	197	8	262	8
Others	5	41	6	41
	<u>700</u>	<u>173</u>	<u>1,040</u>	<u>308</u>

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	2Q-11	2Q-10	1H-11	1H-10
Staff Cost				
AMS	1,211	1,545	2,539	3,201
DMS	2,377	1,960	4,667	3,858
	<u>3,588</u>	<u>3,505</u>	<u>7,206</u>	<u>7,059</u>

Included in staff cost is share option expense of \$29,000 and \$41,000 in 2Q-11 and 1H-11 respectively (2Q-10: \$4,000 and 1H-10: \$4,000).

Note 4 Other operating expenses consist of the following:

In S\$'000	2Q-11	2Q-10	1H-11	1H-10
Rental expenses	1,856	1,530	3,715	3,031
Depreciation expenses	232	191	464	388
Allowance of impairment for plant and equipment	-	-	-	62
Plant and equipment written off	27	3	29	3
Loss on disposal of plant and equipment	2	-	6	57
Allowance (Reversal) for doubtful trade receivables	(1)	-	(72)	-
Allowance (Reversal) for doubtful other receivables	32	4	32	4
Bad debts written off - trade	1	-	1	-
Bad debts written off - non-trade	8	10	8	10
Allowance for inventories	190	150	359	470
Inventories written off (reversal)	(10)	-	28	-
Foreign exchange loss (gain)	11	11	49	(245)
	<u>2,348</u>	<u>1,899</u>	<u>4,619</u>	<u>3,780</u>

Note 5 Finance cost

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

Note 6 Income tax expense

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

Note 7 Income statement disclosures for discontinued operations

In S\$'000	2Q-11	2Q-10	1H-11	1H-10
Revenue	-	88	-	157
Cost of sales	-	(69)	-	(95)
Gross profit	-	19	-	62
Other operating income	-	44	-	105
Administrative expenses	-	(109)	-	(286)
Other operating expenses	(2)	(298)	30	(380)
Finance cost	-	(8)	-	(10)
Profit (Loss) before income tax	(2)	(352)	30	(509)
Income tax expense	-	-	-	2
Profit (Loss) for the period	(2)	(352)	30	(507)
Gain (loss) from disposal of discontinued operations	(16)	74	(16)	119
Profit (Loss) from discontinued operations	<u>(18)</u>	<u>(278)</u>	<u>14</u>	<u>(388)</u>

2011

The Group deregistered Accord Customer Care Solutions International Limited, After Market Solutions (CE) Pte. Ltd., Playwork Solutions Pte. Ltd. and Tri-Max Pte. Ltd. in 1Q-11.

2010

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

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

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

In S\$'000	Notes	Group		Company	
		30-Jun-11	31-Dec-10	30-Jun-11	31-Dec-10
ASSETS					
Current assets					
Cash and bank balances		11,355	12,025	1,794	2,975
Cash pledged		2,000	2,224	-	-
Trade receivables	1	21,660	23,260	3,197	820
Other receivables and prepayments	2	3,675	3,768	4,412	12,243
Inventories	3	15,162	13,124	560	375
Total current assets		<u>53,852</u>	<u>54,401</u>	<u>9,963</u>	<u>16,413</u>
Non-current assets					
Investment in subsidiaries		-	-	14,086	9,936
Plant and equipment		2,004	2,101	71	68
Other goodwill		2,350	2,350	-	-
Total non-current assets		<u>4,354</u>	<u>4,451</u>	<u>14,157</u>	<u>10,004</u>
Total assets		<u><u>58,206</u></u>	<u><u>58,852</u></u>	<u><u>24,120</u></u>	<u><u>26,417</u></u>
Current liabilities					
Bank overdrafts		7,369	8,678	1,348	2,037
Convertible notes / bonds	4	-	5,350	-	5,350
Fair value adjustment on convertibles	4	-	589	-	589
Trade payables	5	14,358	12,976	2,285	537
Other payables	6	12,016	10,948	2,566	5,092
Placement monies received		338	-	338	-
Income tax payable		1,686	1,652	-	-
Total current liabilities		<u>35,767</u>	<u>40,193</u>	<u>6,537</u>	<u>13,605</u>
Non-current liabilities					
Deferred tax liabilities		271	274	-	-
Total non-current liabilities		<u>271</u>	<u>274</u>	<u>-</u>	<u>-</u>
Equity					
Share capital		114,195	109,456	114,195	109,456
Capital reserve		(889)	22	22	22
Share options reserve		1,536	1,528	1,536	1,528
Foreign currency translation reserve		191	137	-	-
Accumulated losses		(93,798)	(96,434)	(98,170)	(98,194)
Equity attributable to owners of the Company		<u>21,235</u>	<u>14,709</u>	<u>17,583</u>	<u>12,812</u>
Non-controlling interests		933	3,676	-	-
Total equity and liabilities		<u><u>58,206</u></u>	<u><u>58,852</u></u>	<u><u>24,120</u></u>	<u><u>26,417</u></u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 30 June 2011 is 23 days (31 December 2010: 29 days).

2 Other receivables and prepayments

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

S\$'000	30-Jun-11	31-Dec-10
Rental deposits	1,713	1,595
Other receivables	1,686	1,987
Prepayments	91	123

Other receivables of \$1.7 million as at 30 June 2011 mainly comprised credit notes of \$0.5 million to be received from principals in relation to sell through, advertising and promotion support, and advanced payment of \$0.6 million for goods purchased.

3 Inventories

The Group's inventory turnover is 16 days for the period ended 30 June 2011 (31 December 2010: 15 days).

Group inventories as at 30 June 2011 is \$15.2 million (31 December 2010: \$13.1 million).

4 Convertible notes

On 30 January 2008, the Company received approval from shareholders for the issue of 1.5% equity linked redeemable non-recallable structured convertible notes that are due in 2011 amounting to \$32,000,000.

On 17 February 2011, the convertible notes expired. The Company has issued a total of \$12,000,000 (31 December 2010: \$12,000,000) of the convertible notes which had been fully converted into equity shares of the Company (31 December 2010: \$11,950,000).

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, the 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.

On 31 March 2011, the Company fully repaid the outstanding convertible bonds.

In conjunction with the above events, the carrying amounts of the fair value adjustment of these convertible notes / bonds were derecognised and credited to the statement of comprehensive income in 1Q-11.

5 Trade payables

The Group's trade payables turnover is 15 days as at 30 June 2011 (31 December 2010: 18 days). An increase in trade payables is mainly due to more purchases toward period end.

6 Other payables

The Group's other payables consist of the following:

S\$'000	30-Jun-11	31-Dec-10
Advertising, promotion and sell through funds from principals	4,570	2,772
Other payables to third parties	761	1,313
Accrued staff costs	1,495	1,472
Rebates owing to franchisees	1,830	1,961
Accrued purchases	225	520
Other accrued operating expenses	535	501

The Group's other payables have increased since December 2010 due to higher handset marketing, advertising and promotional support received from manufacturers.

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

Amount repayable in one year or less, or on demand

As at 30-Jun-11		As at 31-Dec-10	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	7,369	-	14,028

Note :

The unsecured borrowings of \$7.4 million comprises of bank overdrafts.

Amount repayable after one year

As at 30-Jun-11		As at 31-Dec-10	
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	2Q-11	2Q-10	1H-11	1H-10
Operating activities				
Profit before income tax from continuing operations	1,950	937	3,700	1,561
Profit before income tax from discontinued operations	(18)	(7)	14	(7)
	<u>1,932</u>	<u>930</u>	<u>3,714</u>	<u>1,554</u>
Adjustments for:				
Depreciation expense	232	214	464	432
Interest expense	114	192	287	397
Interest income	-	(3)	(2)	(6)
Loss on disposal of plant and equipment	2	-	6	64
Plant and equipment written off	27	78	29	78
Allowance (Reversal) for impairment of plant and equipment	-	-	(34)	62
Allowance for inventories	190	314	359	634
Inventories written off (reversal)	(10)	-	28	-
Bad debts written off - trade	1	-	1	-
Bad debts written off - non-trade	8	11	8	11
Allowance (Reversal) for doubtful trade receivables	(1)	82	(71)	82
Allowance (Reversal) for doubtful other receivables	32	15	32	15
Employee share-based payments	29	4	41	4
Professional fees settled by shares	510	-	510	-
Gain (loss) arising from de-consolidation of disposed subsidiaries	16	(74)	16	(119)
Changes in fair value of convertible loan notes designated as fair value through profit or loss	-	(56)	(589)	(113)
Liabilities written back	(197)	(52)	(262)	(109)
Net foreign exchange losses (gains)	20	26	55	(483)
Operating cash flows before movements in working capital	<u>2,905</u>	<u>1,681</u>	<u>4,592</u>	<u>2,503</u>
Trade receivables	1,845	821	1,670	4,464
Other receivables and prepayments	540	477	37	562
Inventories	(839)	(1,349)	(2,425)	(2,636)
Trade payables	(921)	(3,628)	1,447	(6,846)
Other payables	(75)	759	1,603	1,156
Cash generated from (used in) operations	<u>3,455</u>	<u>(1,239)</u>	<u>6,924</u>	<u>(797)</u>
Interest received	-	3	2	6
Income tax paid	(522)	(15)	(575)	(271)
Net cash from (used in) operating activities	<u>2,933</u>	<u>(1,251)</u>	<u>6,351</u>	<u>(1,062)</u>
Investing activities				
Disposal of subsidiaries (Note A)	-	(9)	-	(9)
Proceeds from disposal of plant and equipment	-	-	1	56
Purchase of plant and equipment	(229)	(60)	(370)	(100)
Net cash used in investing activities	<u>(229)</u>	<u>(69)</u>	<u>(369)</u>	<u>(53)</u>
Financing activities				
Interest paid	(114)	(192)	(287)	(397)
Proceeds from issuance of ordinary shares	20	-	20	-
Proceeds from issuance of convertible notes, net	-	1,500	-	2,000
Repayment of convertible bonds	-	(510)	(5,300)	(1,020)
Cash pledged	224	(425)	224	(434)
Net cash from (used in) financing activities	<u>130</u>	<u>373</u>	<u>(5,343)</u>	<u>149</u>
Net increase (decrease) in cash and cash equivalents	2,834	(947)	639	(966)
Cash and cash equivalents at beginning of period	1,152	311	3,347	330
Cash and cash equivalents at end of period	<u>3,986</u>	<u>(636)</u>	<u>3,986</u>	<u>(636)</u>

Notes

A. Disposal of subsidiaries

The Group deregistered Accord Customer Care Solutions International Limited, After Market Solutions (CE) Pte. Ltd., Playwork Solutions Pte. Ltd. and Tri-Max Pte. Ltd. in 1Q-11.

The Group deregistered ACCS PRC Limited, a wholly-owned dormant subsidiary held through Accord Customer Care Solution (Asia) Limited in 1Q-10 and commenced liquidation of its wholly-owned subsidiary mDR (New Zealand) Ltd in May 2010.

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

In S\$'000	2Q-11	2Q-10	1H-11	1H-10
Assets	16	9	16	9
Liabilities	-	(6)	-	(8)
Foreign currency translation reserve	-	(77)	-	(120)
Net assets (liabilities)	<u>16</u>	<u>(74)</u>	<u>16</u>	<u>(119)</u>
Proceeds received	-	-	-	-
Cash balance in subsidiaries disposed off	-	(9)	-	(9)
Cash outflows on disposal	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(9)</u>

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

In S\$'000	2Q-11	2Q-10
Cash	13,355	10,182
Bank overdrafts	(7,369)	(8,669)
Less: Cash pledged	<u>(2,000)</u>	<u>(2,149)</u>
Cash and cash equivalents	<u>3,986</u>	<u>(636)</u>

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

<u>In S\$'000</u>	<u>Share capital</u>	<u>Capital 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 January 2011	109,456	22	1,528	137	(96,434)	14,709	3,676	18,385
Total comprehensive income for the period	-	-	-	37	1,187	1,224	309	1,533
Issue of shares upon conversion of convertible notes	50	-	-	-	-	50	-	50
Recognition of share-based payments	-	-	12	-	-	12	-	12
Balance as at 31 March 2011	<u>109,506</u>	<u>22</u>	<u>1,540</u>	<u>174</u>	<u>(95,247)</u>	<u>15,995</u>	<u>3,985</u>	<u>19,980</u>
Total comprehensive income for the period	-	-	-	17	1,425	1,442	187	3,071
Issue of shares upon share options exercised	29	-	(9)	-	-	20	-	11
Issue of shares for settlement of advisory fees	510	-	-	-	-	510	-	510
Effect of acquiring part of non-controlling interest in a subsidiary	4,150	(911)	-	-	-	3,239	(3,239)	-
Reversal of expenses related to equity-settled share-based payment	-	-	(24)	-	24	-	-	-
Recognition of share-based payments	-	-	29	-	-	29	-	29
Balance as at 30 June 2011	<u>114,195</u>	<u>(889)</u>	<u>1,536</u>	<u>191</u>	<u>(93,798)</u>	<u>21,235</u>	<u>933</u>	<u>23,601</u>
Balance as at 1 January 2010	104,466	22	1,836	2,974	(101,719)	7,579	2,536	10,115
Total comprehensive income / (expense) for the period	-	-	-	(492)	300	(192)	175	(17)
Issue of shares upon conversion of convertible notes	1,000	-	-	-	-	1,000	-	1,000
Balance as at 31 March 2010	<u>105,466</u>	<u>22</u>	<u>1,836</u>	<u>2,482</u>	<u>(101,419)</u>	<u>8,387</u>	<u>2,711</u>	<u>11,098</u>
Total comprehensive income / (expense) for the period	-	-	-	(49)	535	486	224	710
Issue of shares upon conversion of convertible notes	1,500	-	-	-	-	1,500	-	1,500
Reversal of expenses related to equity-settled share-based payment	-	-	(89)	-	89	-	-	-
Recognition of share-based payments	-	-	4	-	-	4	-	4
Balance as at 30 June 2010	<u>106,966</u>	<u>22</u>	<u>1,751</u>	<u>2,433</u>	<u>(100,795)</u>	<u>10,377</u>	<u>2,935</u>	<u>13,312</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 2011	109,456	22	1,528	(98,194)	12,812
Total comprehensive income for the period	-	-	-	51	51
Issue of shares upon conversion of convertible notes	50	-	-	-	50
Recognition of share-based payments	-	-	12	-	12
Balance as at 31 March 2011	<u>109,506</u>	<u>22</u>	<u>1,540</u>	<u>(98,143)</u>	<u>12,925</u>
Total comprehensive income for the period	-	-	-	(51)	(51)
Issue of shares upon share options exercised	29	-	(9)	-	20
Issue of shares for settlement of advisory fees	510	-	-	-	510
Effect of acquiring part of non-controlling interest in a subsidiary	4,150	-	-	-	4,150
Reversal of expenses related to equity-settled share-based payment	-	-	(24)	24	-
Recognition of share-based payments	-	-	29	-	29
Balance as at 30 June 2011	<u>114,195</u>	<u>22</u>	<u>1,536</u>	<u>(98,170)</u>	<u>17,583</u>
Balance as at 1 January 2010	104,466	22	1,836	(103,378)	2,946
Total comprehensive 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 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>

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 892,551,111 new ordinary shares in June 2011 (333,333,333 ordinary shares in 2Q-10) as follows:

- a) 3,950,000 ordinary shares at \$0.005 per share through conversion of share options under the mDR Share Option Scheme 2033.
- b) 102,000,000 ordinary shares at \$0.005 per share for settlement of advisory fees.
- c) 461,111,111 ordinary shares at \$0.0054 per share for acquisition of additional 11.54% shareholding in Distribution Management Solutions Pte. Ltd..
- d) 325,490,000 ordinary shares at \$0.0051 per share for acquisition of additional 7.69% shareholding in Distribution Management Solutions Pte. Ltd..

As a result, the Company's issued and paid-up capital increased to \$114,186,453 divided into 4,641,167,743 shares as at 30 June 2011.

Share options

The Company has a share option scheme known as mDR Limited Share Option Scheme 2003 which was approved by members of the Company at the Extraordinary General Meeting held on 13 January 2003.

At 30 June 2011, there were 77,366,274 (30 June 2010: 39,495,274) outstanding share options which would entitle the holders to subscribe for a total of 77,366,274 (30 June 2010: 39,495,274) ordinary shares of S\$1 per share.

The 77,366,274 share options outstanding at 30 June 2011 are approximately 1.67% of the share capital consisting of 4,641,167,743 issued shares at 30 June 2011.

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-June-11	31-Dec-10
Issued and paid up	<u>4,641,167,743</u>	<u>3,737,505,521</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 2010.

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 2011, 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>	2Q-11 cents	2Q-10 cents	1H-11 cents	1H-10 cents
From continuing and discontinued operations:				
- Basic	0.03	0.02	0.06	0.03
- Fully diluted	<u>0.03</u>	<u>0.02</u>	<u>0.06</u>	<u>0.03</u>
From continuing operations:				
- Basic	0.03	0.03	0.06	0.04
- Fully diluted	<u>0.03</u>	<u>0.03</u>	<u>0.06</u>	<u>0.04</u>
From discontinuing operations:				
- Basic	-	(0.01)	-	(0.01)
- Fully diluted	<u>-</u>	<u>(0.01)</u>	<u>-</u>	<u>(0.01)</u>

Basic earnings per ordinary share and fully diluted earnings per ordinary share are computed based on the weighted average number of shares in issue during the period of 4,251,430,425 (2Q-10: 3,043,441,598).

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

	Group		Company	
	30-Jun-11 Cents	31-Dec-10 Cents	30-Jun-11 Cents	31-Dec-10 Cents
Net Asset Value (%NAV) per share	<u>0.46</u>	<u>0.39</u>	<u>0.38</u>	<u>0.34</u>

The NAV per share as at 30 June 2011 is calculated based on 4,641,167,743 (31 December 2010: 3,737,505,521) ordinary shares.

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

Revenue and profit after income tax

The Group's revenue for 2Q-11 increased by 30% from \$69.6 million to \$90.2 million, whereas for 1H-11, it increased by 28% from \$139.8 million to \$178.9 million. The increases were mainly contributed by the better distribution and prepaid card businesses, mainly a result of the strong domestic economy.

The Group's gross profit margins quarter-on-quarter and year-on-year decreased by 2% from 11% to 9%. The decrease in gross profit margins was mainly due to the shift in product mix with higher revenue contributions from the distribution and prepaid cards businesses, which yield lower margins, as well as a decline in the AMS repair margins.

Overall, net profits for the Group increased by \$0.9 million to \$1.4 million quarter-on-quarter, and \$1.8 million to \$2.6 million year-on-year.

Cash flows

On a quarter-on-quarter and year-on-year basis, there is an increase in cash position mainly in view of higher operating profits and positive cash flows from operations.

As at 30 June 2011, the Group's working capital position increased to \$18.1 million, up from \$14.2 million as at 31 December 2010.

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 29 July 2011, the Group has obtained shareholders approval for the proposed renounceable non-underwritten rights issue of up to 1,585,481,672 new ordinary shares in the capital of the Company. The main rationale of the rights issue is to allow the Company to raise funds to repay its outstanding overdrafts with its lenders. The full repayment of its obligations with its lenders will allow the Group to move to the next level of financial stability.

The recent global economic events may dampen consumer sentiments which may have an impact on the Group's businesses. Barring any unforeseen circumstances, the Group is cautiously optimistic that it will remain profitable.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the period.

13. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
Pacific Organisation Pte Ltd - rental expenses	\$'000 221	\$'000 Nil

BY ORDER OF THE BOARD

Ong Ghim Choon
Chief Executive Officer
12 August 2011

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

We, Mah Kah On and Ong Ghim Choon, being two directors of mDR Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second quarter 2011 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Mah Kah On
Chairman of Audit Committee

Ong Ghim Choon
Chief Executive Officer

Singapore, 12 August 2011