



mDR Limited

Third Quarter Financial Statements for the Period Ended 30 September 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	3Q-11	3Q-10	Inc/(Dec) %	YTD-11	YTD-10	Inc/(Dec) %
Continuing operations							
Revenue	1	83,030	76,593	8%	261,928	216,364	21%
Cost of sales	1	(74,781)	(68,650)	9%	(237,319)	(193,667)	23%
Gross profit	1	8,249	7,943	4%	24,609	22,697	8%
Other income	2	444	223	99%	1,484	533	178%
Administrative expenses	3	(4,309)	(4,792)	-10%	(13,692)	(13,857)	-1%
Other operating expenses	4	(2,309)	(2,087)	11%	(6,928)	(5,868)	18%
Changes in fair value of convertible loan notes designated as fair value through profit and loss		-	57	N.M.	589	170	246%
Finance cost	5	(108)	(190)	-43%	(395)	(577)	-32%
Total expenses		(6,726)	(7,012)	-4%	(20,426)	(20,132)	1%
Profit before income tax		1,967	1,154	70%	5,667	3,098	83%
Income tax expense	6	(288)	(422)	-32%	(894)	(744)	20%
Profit for the period from continuing operations		1,679	732	129%	4,773	2,354	103%
Discontinued operations							
Profit for the period from discontinued operations	7	-	441	N.M.	14	53	-74%
Profit for the period		1,679	1,173	43%	4,787	2,407	99%
Other comprehensive income							
Currency translation differences arising from consolidation		17	545	-97%	71	124	-43%
Reclassification of currency translation reserves on disposals of subsidiaries		-	(1,471)	N.M.	-	(1,591)	N.M.
Other comprehensive profit (loss) for the period, net of tax		17	(926)	102%	71	(1,467)	105%
Total comprehensive income for the period		1,696	247	587%	4,858	940	417%
Profit attributable to:							
Owners of the Company		1,620	765	112%	4,232	1,600	165%
Non-controlling interests		59	408	-86%	555	807	-31%
Total comprehensive income		1,679	1,173	43%	4,787	2,407	99%
Total comprehensive income attributable to:							
Owners of the Company		1,637	(161)	1117%	4,303	133	3135%
Non-controlling interests		59	408	-86%	555	807	-31%
		1,696	247	587%	4,858	940	417%

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	3Q-11	3Q-10	YTD-11	YTD-10
Revenue				
AMS	5,280	4,772	13,996	14,489
DMS	<u>77,750</u>	<u>71,821</u>	<u>247,932</u>	<u>201,875</u>
	<u>83,030</u>	<u>76,593</u>	<u>261,928</u>	<u>216,364</u>
Cost of goods sold and spare parts				
AMS	(3,810)	(3,166)	(9,851)	(9,251)
DMS	<u>(70,971)</u>	<u>(65,484)</u>	<u>(227,468)</u>	<u>(184,416)</u>
	<u>(74,781)</u>	<u>(68,650)</u>	<u>(237,319)</u>	<u>(193,667)</u>
Gross profit				
AMS	1,470	1,606	4,145	5,238
DMS	<u>6,779</u>	<u>6,337</u>	<u>20,464</u>	<u>17,459</u>
	<u>8,249</u>	<u>7,943</u>	<u>24,609</u>	<u>22,697</u>
GP%				
AMS	28%	34%	30%	36%
DMS	<u>9%</u>	<u>9%</u>	<u>8%</u>	<u>9%</u>
	<u>10%</u>	<u>10%</u>	<u>9%</u>	<u>10%</u>

Total gross profits for 3Q-11 and YTD-11 improved over the previous year’s comparative periods due to higher sales volume from DMS.

Note 2 Other income consist of the following:

In S\$'000	3Q-11	3Q-10	YTD-11	YTD-10
Interest income	3	2	6	7
Rental income	382	221	1,143	477
Bad debts recovered - non-trade	-	-	7	-
Liabilities written back	59	-	321	8
Others	-	-	7	41
	<u>444</u>	<u>223</u>	<u>1,484</u>	<u>533</u>

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	3Q-11	3Q-10	YTD-11	YTD-10
Staff Cost				
AMS	1,347	1,505	3,885	4,706
DMS	<u>2,385</u>	<u>2,063</u>	<u>7,052</u>	<u>5,921</u>
	<u>3,732</u>	<u>3,568</u>	<u>10,937</u>	<u>10,627</u>

Included in staff cost is share option expense of \$27,000 and 68,000 in 3Q-11 and YTD-11 respectively (3Q-10: \$5,000 and YTD-10: \$9,000).

Note 4 Other operating expenses consist of the following:

In S\$'000	3Q-11	3Q-10	YTD-11	YTD-10
Rental expenses	1,879	1,569	5,594	4,601
Depreciation expenses	276	189	740	577
Allowance of impairment for plant and equipment	-	-	-	62
Plant and equipment written off	2	-	31	3
(Gain) Loss on disposal of plant and equipment	(1)	3	5	60
(Reversal) Allowance for doubtful trade receivables	(22)	-	(94)	-
(Reversal) Allowance for doubtful other receivables	(7)	17	25	21
Bad debts written off - trade	-	-	1	-
Bad debts written off - non-trade	-	-	8	10
Allowance for inventories	169	207	528	677
Inventories written off	-	-	28	-
Foreign exchange loss (gain)	13	102	62	(143)
	<u>2,309</u>	<u>2,087</u>	<u>6,928</u>	<u>5,868</u>

Note 5 Finance cost

Finance cost comprises mainly interest on obligations under finance leases and 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	3Q-11	3Q-10	YTD-11	YTD-10
Revenue	-	-	-	139
Cost of sales	-	-	-	(94)
Gross profit	-	-	-	45
Other operating income	-	24	-	129
Administrative expenses	-	(63)	-	(348)
Other operating expenses	-	(1,111)	30	(1,475)
Finance cost	-	-	-	(10)
(Loss) Profit before income tax	-	(1,150)	30	(1,659)
Income tax expense	-	-	-	2
(Loss) Profit for the period	-	(1,150)	30	(1,657)
Gain (loss) from disposal of discontinued operations	-	1,591	(16)	1,710
Profit from discontinued operations	-	441	14	53

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-Sep-11	31-Dec-10	30-Sep-11	31-Dec-10
ASSETS					
Current assets					
Cash and bank balances		16,103	12,025	2,593	2,975
Cash pledged		2,000	2,224	-	-
Trade receivables	1	19,756	23,260	2,132	820
Other receivables and prepayments	2	3,890	3,768	10,840	12,243
Inventories	3	12,247	13,124	469	375
Total current assets		<u>53,996</u>	<u>54,401</u>	<u>16,034</u>	<u>16,413</u>
Non-current assets					
Investment in subsidiaries		-	-	14,086	9,936
Plant and equipment		2,918	2,101	687	68
Other goodwill		2,350	2,350	-	-
Total non-current assets		<u>5,268</u>	<u>4,451</u>	<u>14,773</u>	<u>10,004</u>
Total assets		<u>59,264</u>	<u>58,852</u>	<u>30,807</u>	<u>26,417</u>
Current liabilities					
Bank overdrafts		-	8,678	-	2,037
Convertible notes / bonds	4	-	5,350	-	5,350
Fair value adjustment on convertibles	4	-	589	-	589
Trade payables	5	13,467	12,976	1,363	537
Other payables	6	11,301	10,948	3,041	5,092
Current portion of finance leases		80	-	63	-
Income tax payable		1,725	1,652	-	-
Total current liabilities		<u>26,573</u>	<u>40,193</u>	<u>4,467</u>	<u>13,605</u>
Non-current liabilities					
Finance leases		565	-	444	-
Deferred tax liabilities		272	274	-	-
Total non-current liabilities		<u>837</u>	<u>274</u>	<u>444</u>	<u>-</u>
Equity					
Share capital		122,158	109,456	122,158	109,456
Capital reserve		(889)	22	22	22
Share options reserve		1,563	1,528	1,536	1,528
Foreign currency translation reserve		208	137	-	-
Accumulated losses		(92,178)	(96,434)	(97,847)	(98,194)
Equity attributable to owners of the Company		<u>30,862</u>	<u>14,709</u>	<u>25,896</u>	<u>12,812</u>
Non-controlling interests		992	3,676	-	-
Total equity and liabilities		<u>59,264</u>	<u>58,852</u>	<u>30,807</u>	<u>26,417</u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 30 September 2011 is 22 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-Sep-11	31-Dec-10
Rental deposits	1,755	1,595
Other receivables	1,933	1,987
Prepayments	84	123

Other receivables of \$1.9 million as at 30 September 2011 mainly comprised advanced payment of \$1.1 million for purchases of goods.

3 Inventories

The Group's inventory turnover for the period ended 30 September 2011 is 14 days (31 December 2010: 15 days).

Group inventories as at 30 September 2011 is \$12.2 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 as at 30 September 2011 is 15 days (31 December 2010: 18 days).

6 Other payables

The Group's other payables consist of the following:

S\$'000	30-Sep-11	31-Dec-10
Advertising, promotion and sell through funds from principals	3,881	2,772
Other payables to third parties	630	1,313
Accrued staff costs	1,756	1,472
Rebates owing to franchisees	1,901	1,961
Accrued purchases	200	520
Other accrued operating expenses	527	501

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

Amount repayable in one year or less, or on demand

As at 30-Sep-11		As at 31-Dec-10	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
80	-	-	14,028

Note :

The unsecured borrowings of \$14.0 million as at 31 December 2010 comprises of convertible notes / bonds and bank overdrafts. The Group had fully repaid its convertible notes / bonds and outstanding overdrafts in 1Q-11 and 3Q-11 respectively.

Amount repayable after one year

As at 30-Sep-11		As at 31-Dec-10	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
565	-	-	-

Details of collateral

The borrowings as at 30 September 2011 are secured on certain motor vehicles held under finance leases.

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

In S\$'000	3Q-11	3Q-10	YTD-11	YTD-10
Operating activities				
Profit before income tax from continuing operations	1,967	1,154	5,667	3,098
Profit before income tax from discontinued operations	-	441	14	51
	<u>1,967</u>	<u>1,595</u>	<u>5,681</u>	<u>3,149</u>
Adjustments for:				
Depreciation expense	276	167	740	599
Interest expense	108	190	395	587
Interest income	(3)	(2)	(6)	(8)
(Gain) Loss on disposal of plant and equipment	(1)	3	5	67
Plant and equipment written off	2	26	31	104
(Reversal) Allowance for impairment of plant and equipment	-	(3)	(34)	59
Allowance for inventories	169	218	528	852
Inventories written off	-	-	28	-
Bad debts written off - trade	-	-	1	-
Bad debts written off - non-trade	-	-	8	11
(Reversal) Allowance for doubtful trade receivables	(22)	48	(94)	130
(Reversal) Allowance for doubtful other receivables	(7)	311	25	326
Employee share-based payments	27	5	68	9
Professional fees settled by shares	-	-	510	-
(Gain) Loss arising from de-consolidation of disposed subsidiaries	-	(1,591)	16	(1,710)
Changes in fair value of convertible loan notes designated as fair value through profit or loss	-	(57)	(589)	(170)
Liabilities written back	(59)	-	(321)	(109)
Net foreign exchange loss (gain)	14	557	70	74
Operating cash flows before movements in working capital	<u>2,471</u>	<u>1,467</u>	<u>7,062</u>	<u>3,970</u>
Trade receivables	1,927	(2,674)	3,597	1,790
Other receivables and prepayments	(208)	(829)	(171)	(267)
Inventories	2,746	4,177	321	1,541
Trade payables	(832)	4,805	615	(2,041)
Other payables	<u>(1,053)</u>	<u>223</u>	<u>550</u>	<u>1,379</u>
Cash generated from operations	<u>5,051</u>	<u>7,169</u>	<u>11,974</u>	<u>6,372</u>
Interest received	3	2	6	8
Income tax paid	<u>(248)</u>	<u>(262)</u>	<u>(823)</u>	<u>(533)</u>
Net cash from operating activities	<u><u>4,806</u></u>	<u><u>6,909</u></u>	<u><u>11,157</u></u>	<u><u>5,847</u></u>
Investing activities				
Disposal of subsidiaries (Note A)	-	(112)	-	(121)
Proceeds from disposal of plant and equipment	-	5	1	61
Purchase of plant and equipment	<u>(531)</u>	<u>(249)</u>	<u>(901)</u>	<u>(349)</u>
Net cash used in investing activities	<u><u>(531)</u></u>	<u><u>(356)</u></u>	<u><u>(900)</u></u>	<u><u>(409)</u></u>
Financing activities				
Interest paid	(108)	(190)	(395)	(587)
Proceeds from issuance of ordinary shares, net	7,963	-	7,983	-
Proceeds from issuance of convertible notes, net	-	-	-	2,000
Repayment of convertible bonds	-	(510)	(5,300)	(1,530)
Repayments of obligations under finance leases	(13)	-	(13)	-
Cash pledged	-	(75)	224	(509)
Net cash from (used in) financing activities	<u><u>7,842</u></u>	<u><u>(775)</u></u>	<u><u>2,499</u></u>	<u><u>(626)</u></u>
Net increase in cash and cash equivalents	12,117	5,778	12,756	4,812
Cash and cash equivalents at beginning of period	<u>3,986</u>	<u>(636)</u>	<u>3,347</u>	<u>330</u>
Cash and cash equivalents at end of period	<u><u>16,103</u></u>	<u><u>5,142</u></u>	<u><u>16,103</u></u>	<u><u>5,142</u></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	3Q-11	3Q-10	YTD-11	YTD-10
Assets	-	489	16	498
Liabilities	-	(609)	-	(617)
Foreign currency translation reserve	-	(1,471)	-	(1,591)
Net assets (liabilities)	<u>-</u>	<u>(1,591)</u>	<u>16</u>	<u>(1,710)</u>
Proceeds received	-	-	-	-
Cash balance in subsidiaries disposed off	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>(121)</u>
Cash outflows on disposal	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>(121)</u>

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

In S\$'000	3Q-11	3Q-10
Cash	18,103	16,162
Bank overdrafts	-	(8,796)
Less: Cash pledged	<u>(2,000)</u>	<u>(2,224)</u>
Cash and cash equivalents	<u>16,103</u>	<u>5,142</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

	Share capital	Capital reserve	Share options reserve	Currency translation reserve	Accumulated losses	Attributable to equity holders	Non-controlling interests	Total
In S\$'000								
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	109,506	22	1,540	174	(95,247)	15,995	3,985	19,980
Total comprehensive income for the period	-	-	-	17	1,425	1,442	187	1,629
Issue of shares upon share options exercised	29	-	(9)	-	-	20	-	20
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	114,195	(889)	1,536	191	(93,798)	21,235	933	22,168
Total comprehensive income for the period	-	-	-	17	1,620	1,637	59	1,696
Issue of placement shares	488	-	-	-	-	488	-	488
Expenses in relation to issuance of placement shares	(13)	-	-	-	-	(13)	-	(13)
Issue of shares pursuant to rights cum warrants issue	7,898	-	-	-	-	7,898	-	7,898
Expenses in relation to issuance of right shares	(410)	-	-	-	-	(410)	-	(410)
Recognition of share-based payments	-	-	27	-	-	27	-	27
Balance as at 30 September 2011	122,158	(889)	1,563	208	(92,178)	30,862	992	31,854

In S\$'000	Share capital	Capital reserve	Share options reserve	Currency translation reserve	Accumulated losses	Attributable to equity holders	Non-controlling interests	Total
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

In S\$'000	Share capital	Capital reserve	Share options reserve	Accumulated losses	Total
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	109,506	22	1,540	(98,143)	12,925
Total comprehensive expense 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	114,195	22	1,536	(98,170)	17,583
Total comprehensive income for the period	-	-	-	323	323
Issue of placement shares	488	-	-	-	488
Expenses in relation to issuance of placement shares	(13)	-	-	-	(13)
Issue of shares pursuant to rights cum warrants issue	7,898	-	-	-	7,898
Expenses in relation to issuance of right shares	(410)	-	-	-	(410)
Recognition of share-based payments	-	-	27	-	27
Balance as at 30 September 2011	122,158	22	1,563	(97,847)	25,896
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	105,466	22	1,836	(103,513)	3,811
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	106,966	22	1,751	(102,002)	6,737
Total comprehensive income for the period	-	-	-	3,078	3,078
Recognition of share-based payments	-	-	5	-	5
Balance as at 30 September 2010	106,966	22	1,756	(98,924)	9,820

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 1,677,055,914 new ordinary shares in 3Q-2011 (Nil ordinary shares in 3Q-10) as follows:

- a) 30,000,000 ordinary shares at \$0.005 per share arising from share placement to selected employees in July 2011.
- b) 67,500,000 ordinary shares at \$0.005 per share arising from share placement to directors in August 2011.
- c) 1,579,555,914 ordinary shares at \$0.005 per share arising from rights issue in September 2011.

As a result, the Company's issued and paid-up capital increased to \$122,158,220 divided into 6,318,223,657 shares as at 30 September 2011.

Warrants

On 26 September 2011, the Company issued 6,318,223,656 warrants pursuant to the rights cum warrants issue. Each warrant carries the right to subscribe for one new share in the capital of the Company at an exercise price of \$0.005. There were no warrants being exercised for the quarter ended 30 September 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 September 2011, there were 77,366,274 (30 September 2010: 39,495,274) outstanding share options which would entitle the holders to subscribe for a total of 77,366,274 (30 September 2010: 39,495,274) ordinary shares of \$1 per share.

The 77,366,274 share options outstanding at 30 September 2011 are approximately 1.22% of the share capital consisting of 6,318,223,657 issued shares at 30 September 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-Sep-11	31-Dec-10
Issued and paid up	<u>6,318,223,657</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 attributable to equity holders of the Company)</i>	3Q-11 cents	3Q-10 cents	YTD-11 cents	YTD-10 cents
From continuing and discontinued operations:				
- Basic	0.03	0.02	0.09	0.05
- Fully diluted	<u>0.03</u>	<u>0.02</u>	<u>0.09</u>	<u>0.05</u>
From continuing operations:				
- Basic	0.03	0.01	0.09	0.05
- Fully diluted	<u>0.03</u>	<u>0.01</u>	<u>0.09</u>	<u>0.05</u>
From discontinued operations:				
- Basic	-	0.01	-	-
- Fully diluted	<u>-</u>	<u>0.01</u>	<u>-</u>	<u>-</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 4,713,100,079 (3Q-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-Sep-11 Cents	31-Dec-10 Cents	30-Sep-11 Cents	31-Dec-10 Cents
Net Asset Value ("NAV") per share	<u>0.49</u>	<u>0.39</u>	<u>0.41</u>	<u>0.34</u>

The NAV per share as at 30 September 2011 is calculated based on 6,318,223,657 (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 3Q-11 increased by 8% from \$76.6 million to \$83.0 million, whereas for YTD-11, it increased by 21% from \$216.4 million to \$261.9 million. The increases were mainly due to the strong contributions from its distribution and prepaid card businesses.

The Group's gross profit margins quarter-on-quarter remained constant, with a slight year-on-year decline of 1% from 10% to 9%, mainly due to the 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 \$1.7 million quarter-on-quarter, and \$2.4 million to \$4.8 million year-on-year.

Cash flows

The Group's cash position has improved mainly due to the rights issue net proceeds of \$7.7 million, of which \$6.4 million were used to fully pay off the outstanding overdraft.

As at 30 September 2011, the Group's working capital increased from \$14.2 million in the preceding year to \$27.4 million.

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 continuing and heightened global economic events are expected to further dampen consumer sentiments. This may have an impact on the Group's businesses and barring any other unforeseen circumstances, the Group is cautiously optimistic that it will remain profitable for the financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the period.

13. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
Pacific Organisation Pte Ltd - rental expenses	\$'000 330	\$'000 Nil

BY ORDER OF THE BOARD

**Ong Ghim Choon
Chief Executive Officer
10 November 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 third 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, 10 November 2011