



MDR Limited

mDR Limited

First Quarter Financial Statements for the Period Ended 31 March 2013

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	Q1-13	Q1-12	Inc/(Dec) %
Revenue	1	81,916	73,014	12%
Cost of sales	1	<u>(73,674)</u>	<u>(65,024)</u>	13%
Gross profit	1	8,242	7,990	3%
Other income	2	304	434	-30%
Administrative expenses	3	(5,503)	(4,439)	24%
Other operating expenses	4	(2,012)	(2,173)	-7%
Finance costs	5	<u>(13)</u>	<u>(8)</u>	63%
Total expenses		<u>(7,528)</u>	<u>(6,620)</u>	14%
Profit before income tax		1,018	1,804	-44%
Income tax expense	6	<u>(156)</u>	<u>(247)</u>	-37%
Profit for the period		<u>862</u>	<u>1,557</u>	-45%
Profit attributable to:				
Owners of the Company		841	1,529	-45%
Non-controlling interests		<u>21</u>	<u>28</u>	-25%
Total comprehensive income for the period		<u>862</u>	<u>1,557</u>	-45%

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	Q1-13	Q1-12
Revenue		
AMS	11,257	6,100
DMS	<u>70,659</u>	<u>66,914</u>
	<u>81,916</u>	<u>73,014</u>
Cost of Goods Sold and Spare Parts		
AMS	(9,114)	(4,851)
DMS	<u>(64,560)</u>	<u>(60,173)</u>
	<u>(73,674)</u>	<u>(65,024)</u>
Gross Profit		
AMS	2,143	1,249
DMS	<u>6,099</u>	<u>6,741</u>
	<u>8,242</u>	<u>7,990</u>
GP%		
AMS	19%	20%
DMS	<u>9%</u>	<u>10%</u>
	<u>10%</u>	<u>11%</u>

Note 2 Other income consist of the following:

In S\$'000	Q1-13	Q1-12
Interest income	8	3
Rental income	197	343
Liabilities written back	68	-
Others	31	88
	<u>304</u>	<u>434</u>

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q1-13	Q1-12
<u>Staff</u>		
AMS	2,222	1,289
DMS	2,336	2,506
	<u>4,558</u>	<u>3,795</u>

Included in staff cost is share option expense of \$15,000 (1Q-12: \$24,000).

With an 85% increase in AMS revenue in 1Q-13 compared to 1Q-12, AMS staff costs had also increased, due to a higher headcount required to support the increased repair volume.

Note 4 Other operating expenses consist of the following:

In S\$'000	Q1-13	Q1-12
Rental expenses	1,655	1,641
Depreciation expenses	293	282
Plant and equipment written off	-	97
Loss (Gain) on disposal of plant and equipment	2	(20)
Allowance for inventories	67	164
Foreign currency exchange (gains) losses	(5)	9
	<u>2,012</u>	<u>2,173</u>

Note 5 Finance costs

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

Note 6 Income tax expense

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

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

In S\$'000	Notes	Group		Company	
		31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
ASSETS					
Current assets					
Cash and bank balances		18,359	17,620	11,131	9,902
Trade receivables	1	23,920	25,564	4,849	5,240
Other receivables and prepayments	2	5,304	4,186	13,024	14,153
Inventories	3	23,805	22,001	1,939	2,509
Total current assets		<u>71,388</u>	<u>69,371</u>	<u>30,943</u>	<u>31,804</u>
Non-current assets					
Investment in subsidiaries		-	-	14,467	14,436
Plant and equipment		2,712	2,843	875	846
Other goodwill		2,350	2,350	-	-
Total non-current assets		<u>5,062</u>	<u>5,193</u>	<u>15,342</u>	<u>15,282</u>
Total assets		<u><u>76,450</u></u>	<u><u>74,564</u></u>	<u><u>46,285</u></u>	<u><u>47,086</u></u>
Current liabilities					
Trade payables	4	16,587	14,911	2,647	4,175
Other payables	5	7,393	9,099	2,294	2,337
Current portion of finance leases		87	86	69	68
Income tax payable		1,730	1,483	-	-
Total current liabilities		<u>25,797</u>	<u>25,579</u>	<u>5,010</u>	<u>6,580</u>
Non-current liabilities					
Finance leases		437	459	342	360
Deferred tax liabilities		225	225	-	-
Total non-current liabilities		<u>662</u>	<u>684</u>	<u>342</u>	<u>360</u>
Capital, reserves and non-controlling interests					
Share capital		133,669	132,856	133,669	132,856
Capital reserve		(859)	(859)	22	22
Share options reserve		1,534	1,548	1,534	1,548
Foreign currency translation reserve		168	168	-	-
Accumulated losses		(85,106)	(85,976)	(94,292)	(94,280)
Equity attributable to owners of the Company		<u>49,406</u>	<u>47,737</u>	<u>40,933</u>	<u>40,146</u>
Non-controlling interests		585	564	-	-
Total equity		<u>49,991</u>	<u>48,301</u>	<u>40,933</u>	<u>40,146</u>
Total liabilities and equity		<u><u>76,450</u></u>	<u><u>74,564</u></u>	<u><u>46,285</u></u>	<u><u>47,086</u></u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 31 March 2013 is 27 days (31 December 2012: 28 days).

2 Other receivables and prepayments

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

S\$'000	31-Mar-13	31-Dec-12
Rental deposits	2,032	2,008
Other receivables	2,335	1,856
Prepayments	177	187

Other receivables of \$2.3 million as at 31 March 2013 mainly comprised credit notes of \$1.0 million to be received from principals in relation to sell through, advertising and promotion support and advanced payment of \$0.4 million for purchase of goods.

3 Inventories

The Group's inventory turnover for the quarter ended 31 March 2013 is 28 days (31 December 2012: 24 days).

Group inventories as at 31 March 2013 is \$23.8 million (31 December 2012: \$22.0 million).

The increase in inventories was mainly due to higher handset purchases towards period end.

4 Trade payables

The Group's trade payables turnover as at 31 March 2013 is 19 days (31 December 2012: 19 days).

5 Other payables

The Group's other payables consist of the following:

S\$'000	31-Mar-13	31-Dec-12
Advertising, promotion and sell through funds from principals	1,994	2,714
Other payables to third parties	526	698
Accrued staff costs	1,000	1,561
Rebates owing to franchisees	1,318	1,321
Accrued purchases	2	244
Other accrued operating expenses	894	1,227

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-Mar-13		As at 31-Dec-12	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
87	-	86	-

Amount repayable after one year

As at 31-Mar-13		As at 31-Dec-12	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
437	-	459	-

Details of collateral

The borrowings 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	Q1-13	Q1-12
Operating activities		
Profit before income tax	1,018	1,804
Adjustments for:		
Depreciation expense	293	282
Interest expense	13	8
Interest income	(8)	(3)
Loss (Gain) on disposal of plant and equipment	2	(20)
Plant and equipment written off	-	97
Allowance for inventories	67	164
Share-based payments	15	24
Liabilities written back	(68)	-
Operating cash flows before movements in working capital	<u>1,332</u>	<u>2,356</u>
Trade receivables	1,644	1,315
Other receivables and prepayments	(1,118)	(215)
Inventories	(1,871)	(2,618)
Trade payables	1,744	(1,172)
Other payables	(1,706)	(2,941)
Cash generated from (used in) operations	<u>25</u>	<u>(3,275)</u>
Interest received	8	3
Income tax refund	91	200
Net cash from (used in) operating activities	<u><u>124</u></u>	<u><u>(3,072)</u></u>
Investing activities		
Proceeds from disposal of plant and equipment	-	121
Purchase of plant and equipment	(164)	(234)
Net cash used in investing activities	<u><u>(164)</u></u>	<u><u>(113)</u></u>
Financing activities		
Interest paid	(13)	(8)
Proceeds from issuance of ordinary shares, net	813	1,214
Repayment of obligations under finance leases	(21)	(20)
Net cash generated from financing activities	<u><u>779</u></u>	<u><u>1,186</u></u>
Net increase (decrease) in cash and cash equivalents	739	(1,999)
Cash and cash equivalents at beginning of period	17,620	12,778
Cash and cash equivalents at end of period	<u><u>18,359</u></u>	<u><u>10,779</u></u>

Notes

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

In S\$'000	Q1-13	Q1-12
Cash	18,359	12,779
Less: Cash pledged	-	(2,000)
Cash and cash equivalents	<u><u>18,359</u></u>	<u><u>10,779</u></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 2013	132,856	(859)	1,548	168	(85,976)	47,737	564	48,301
Total comprehensive income for the period	-	-	-	-	841	841	21	862
Reversal of expenses related to equity settled share-	-	-	(29)	-	29	-	-	-
Issue of shares upon conversion of warrants	813	-	-	-	-	813	-	813
Recognition of share-based payments	-	-	15	-	-	15	-	15
Balance as at 31 March 2013	<u>133,669</u>	<u>(859)</u>	<u>1,534</u>	<u>168</u>	<u>(85,106)</u>	<u>49,406</u>	<u>585</u>	<u>49,991</u>
Balance as at 1 January 2012	122,117	(859)	1,590	200	(89,416)	33,632	506	34,138
Total comprehensive income for the period	-	-	-	-	1,529	1,529	28	1,557
Issue of shares upon share options exercised	99	-	(27)	-	-	72	-	72
Issue of shares upon conversion of warrants	1,142	-	-	-	-	1,142	-	1,142
Recognition of share-based payments	-	-	24	-	-	24	-	24
Balance as at 31 March 2012	<u>123,358</u>	<u>(859)</u>	<u>1,587</u>	<u>200</u>	<u>(87,887)</u>	<u>36,399</u>	<u>534</u>	<u>36,933</u>
Company								
Balance as at 1 January 2013	132,856	22	1,548	-	(94,280)	40,146	-	40,146
Total comprehensive income for the period	-	-	-	-	(41)	(41)	-	(41)
Reversal of expenses related to equity settled share-	-	-	(29)	-	29	-	-	-
Issue of shares upon conversion of warrants	813	-	-	-	-	813	-	813
Recognition of share-based payments	-	-	15	-	-	15	-	15
Balance as at 31 March 2013	<u>133,669</u>	<u>22</u>	<u>1,534</u>	<u>-</u>	<u>(94,292)</u>	<u>40,933</u>	<u>-</u>	<u>40,933</u>
Balance as at 1 January 2012	122,117	22	1,590	-	(95,472)	28,257	-	28,257
Total comprehensive income for the period	-	-	-	-	364	364	-	364
Issue of shares upon share options exercised	99	-	(27)	-	-	72	-	72
Issue of shares upon conversion of warrants	1,142	-	-	-	-	1,142	-	1,142
Recognition of share-based payments	-	-	24	-	-	24	-	24
Balance as at 31 March 2012	<u>123,358</u>	<u>22</u>	<u>1,587</u>	<u>-</u>	<u>(95,108)</u>	<u>29,859</u>	<u>-</u>	<u>29,859</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 162,597,996 new ordinary shares during the quarter ended 31 March 2013 (1Q12: 242,768,329) at \$0.005 (1Q-12: \$0.005) per share through conversion of 162,597,996 warrants (1Q-12: through conversion of 228,349,329 warrants and 14,419,000 share options).

As a result, the Company's issued and paid-up capital increased to \$133,668,715 divided into 8,609,429,382 shares as at 31 March 2013.

Warrants

At 31 March 2013, there were 4,077,936,931 (31 March 2012: 6,089,874,327) outstanding warrants. Each warrant carries the right to subscribe for one new share in the capital of the Company at an exercise price of \$0.005.

Share options

The Company has a share option scheme known as mDR Limited Share Option Scheme 2003 which was approved by members of the Company at the Extraordinary General Meeting held on 13 January 2003. The Scheme expired on 12 January 2013. Upon expiration of the Scheme, no further share option can be granted but the provisions of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration.

At 31 March 2013, there were 72,277,274 (31 March 2012: 81,705,274) outstanding share options which would entitle the holders to subscribe for a total of 72,277,274 (31 March 2012: 81,705,274) ordinary shares.

The 72,277,274 share options outstanding at 31 March 2013 are approximately 0.84% of the share capital consisting of 8,609,429,382 issued shares at 31 March 2013.

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-Mar-13	31-Dec-12
Issued and paid up	<u>8,609,429,382</u>	<u>8,446,831,386</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 2012.

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 2013, 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>	Q1-13 Cents	Q1-12 Cents
- Basic	0.010	0.023
- Fully diluted	<u>0.007</u>	<u>0.016</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 8,598,531,559 (1Q-12: 6,510,626,834).

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 11,596,145,029 (1Q-12: 9,759,944,296).

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-Mar-13 Cents	31-Dec-12 Cents	31-Mar-13 Cents	31-Dec-12 Cents
Net Asset Value ("NAV") per share	<u>0.57</u>	<u>0.57</u>	<u>0.48</u>	<u>0.48</u>

The NAV per share as at 31 March 2013 is calculated based on 8,609,429,382 (31 December 2012: 8,446,831,386) 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 1Q-13 increased 12% to \$81.9 million due to higher contributions from its AMS and distribution businesses.

The Group's overall gross profit margin for 1Q-13 decreased marginally from 11% to 10% due to a change in sales mix.

Net profits for the Group decreased by \$0.7m or 45% from \$1.6 million to \$0.9 million quarter-on-quarter. Higher staff costs and professional fees incurred for business development attributed to the decline in profits.

Cash flows

As at 31 March 2013, the Group's working capital increased by \$1.8 million to \$45.6 million compared to \$43.8 million as at 31 December 2012, mainly due to conversion of warrants.

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**

Staff and property costs remain key concerns in our Singapore operations. However, the Group is cautiously optimistic of its performance for the remainder of the year.

The Group has commenced due diligence on the announced acquisitions. The operation in Myanmar is expected to commence in the latter part of this 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	\$'000 109	\$'000 Nil

14. Use of proceeds

The following sets out the status of the use of proceeds from the conversion of warrants pursuant to the renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011.

	S\$'000
Balance of proceeds as at 1 January 2013	3,835
Proceeds received for the period	<u>813</u>
Balance of proceeds as at 31 March 2013	<u><u>4,648</u></u>

The use of proceeds is in accordance with the intended use of the net proceeds as described in the Offer Information Statement dated 1 September 2011.

BY ORDER OF THE BOARD

Ong Ghim Choon
Chief Executive Officer

13 May 2013

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 first quarter 2013 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, 13 May 2013