



mDR Limited
2008 – First Quarter Financial Statement

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

In S\$'000	Notes	Q1-08	Q1-07	YTD Inc/(Dec) %
Revenue	1(a)(i)	68,361	59,540	15%
Cost of sales	1(a)(i)	<u>(59,269)</u>	<u>(48,521)</u>	-22%
Gross profit	1(a)(i)	9,092	11,019	-17%
Other operating income	1(a)(ii)	1,354	1,680	-19%
Administrative expenses	1(a)(iii)	(8,435)	(10,809)	22%
Other operating expenses	1(a)(iv)	(3,295)	(3,097)	-6%
Finance cost	1(a)(v)	<u>(345)</u>	<u>(318)</u>	-8%
Net expenses		(10,721)	(12,544)	15%
Loss before income tax		(1,629)	(1,525)	-7%
Income tax expense	1(a)(vi)	<u>165</u>	<u>(263)</u>	163%
Loss for the period		<u><u>(1,464)</u></u>	<u><u>(1,788)</u></u>	18%
<u>Attributable to:</u>				
<i>Equity holders of the parent company</i>		(1,587)	(2,015)	21%
<i>Minority interests</i>		123	227	-46%
Loss attributable to shareholders		<u><u>(1,464)</u></u>	<u><u>(1,788)</u></u>	18%

1(a) (i) Revenue, Cost of Sales and Gross Profit

The Group operates in two business segments – After Market Services (“AMS”) and Distribution Management Solutions (“DMS”). The breakdown of revenue and cost of goods sold and spare parts are as follows:

In S\$'000	Q1-08	Q1-07
<u>Revenue</u>		
AMS	8,262	11,300
DMS	60,099	48,240
	<u>68,361</u>	<u>59,540</u>
<u>Cost of Goods Sold and Spare Parts</u>		
AMS	(3,774)	(4,868)
DMS	(55,495)	(43,653)
	<u>(59,269)</u>	<u>(48,521)</u>
<u>Gross Profit</u>		
AMS	4,488	6,432
DMS	4,604	4,587
	<u>9,092</u>	<u>11,019</u>

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

In S\$'000	Q1-08	Q1-07
Interest income		
- Bonds	-	494
- Others	22	36
Rental income	40	49
Bad debt recovered	-	1
Gain of sale of business	-	935
Waiver of debts	-	150
Refund of GST	682	-
Negative goodwill released to income	63	-
Compensation – Contract termination	484	-
Write back of accounts payable	45	-
Others	18	15
	<u>1,354</u>	<u>1,680</u>

1(a)(iii) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q1-08	Q1-07
<u>Staff Cost</u>		
AMS	4,375	6,541
DMS	2,125	1,813
	<u>6,500</u>	<u>8,354</u>

The lower administrative expenses for Q1-08 compared to the corresponding period in 2007 is mainly due to the decrease in staff cost which is in line with the cessation of certain AMS business operations and closure of service centres as part of the restructuring exercise.

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

In S\$'000	Q1-08	Q1-07
Minimum lease payments under operating lease	1,845	2,043
Depreciation expenses	373	584
Reversal of impairment on fixed assets	-	(69)
(Gain) / Loss on disposal of fixed assets	(15)	14
Allowance for doubtful trade receivables	11	8
Allowance for doubtful other receivables	-	498
Provision of allowance for inventories	114	(65)
Currency translation loss	967	84
	<u>3,295</u>	<u>3,097</u>

1(a)(v) Finance cost

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

1(a)(vi) Income tax expense

The tax expense provision is calculated for profitable subsidiaries using the tax rates applicable in the jurisdictions where the companies in the Group operate. In Q1-08, there was a tax refund from the tax authorities pertaining to the Year of Assessment 2005 for one of its subsidiaries.

**1(b)(i) A balance sheet (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 31-Mar-08	Group 31-Dec-07	Company 31-Mar-08	Company 31-Dec-07
ASSETS					
Current assets					
Cash		9,118	9,613	3,646	2,034
Cash pledged		1,851	152	101	152
Trade receivables	A	28,674	33,184	7,909	7,659
Other receivables and prepayments	B	4,773	6,137	3,330	7,499
Inventories	C	18,336	16,678	-	-
		<u>62,752</u>	<u>65,764</u>	<u>14,986</u>	<u>17,344</u>
Non-current assets					
Investment in subsidiaries		-	-	29,523	26,523
Plant and equipment		3,725	3,841	366	424
Goodwill on consolidation		11,655	11,655	-	-
Other goodwill		8,074	8,074	-	-
		<u>23,454</u>	<u>23,570</u>	<u>29,889</u>	<u>26,947</u>
Total assets		<u><u>86,206</u></u>	<u><u>89,334</u></u>	<u><u>44,875</u></u>	<u><u>44,291</u></u>
Current liabilities					
Bank loans		12,003	11,612	2,985	3,695
Bank overdraft		8,984	7,495	2,231	1,557
Trade payables	D	20,080	18,941	1,686	1,319
Other payables	E	12,678	20,645	18,592	19,075
Income tax payable		1,455	1,460	-	-
Obligations under finance leases		53	84	-	-
		<u>55,253</u>	<u>60,237</u>	<u>25,494</u>	<u>25,646</u>
Non-current liabilities					
Obligations under finance leases		14	42	-	-
Deferred tax		1,167	1,179	912	912
Convertible notes	F	2,500	-	2,500	-
		<u>3,681</u>	<u>1,221</u>	<u>3,412</u>	<u>912</u>
Equity					
Issued capital	1(d)(i)	97,915	98,055	97,915	98,055
Capital redemption reserve		22	22	22	22
Share options reserve		3,015	3,015	3,015	3,015
Foreign currency translation reserve		1,852	789	-	-
Revenue reserve		(79,373)	(77,786)	(84,983)	(83,359)
Equity attributable to equity holders of the parent company		<u>23,431</u>	<u>24,095</u>	<u>15,969</u>	<u>17,733</u>
Minority interests		3,841	3,781	-	-
		<u><u>86,206</u></u>	<u><u>89,334</u></u>	<u><u>44,875</u></u>	<u><u>44,291</u></u>

(A) Trade receivables

The trade receivables turnover is 38 days as at 31 March 2008 (31 December 2007 : 42 days).

(B) Other receivables and prepayments

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

S\$'000	Group	
	31-Mar-08	31-Dec-07
Recoverables	1,448	3,303
Deposits	1,786	1,703
Prepayments	1,073	875
Accrued interest receivables	<u>86</u>	<u>129</u>

(C) Inventories

The inventory turnover is 28 days as at 31 March 2008 (31 December 2007: 25 days).

(D) Trade payables

Trade payables turnover is 31 days as at 31 March 2008 (31 December 2007 : 28 days).

(E) Other payables

The major components of other payables are tabulated below :

S\$'000	Group	
	31-Mar-08	31-Dec-07
Amount owing to related parties	200	248
Other payables to third parties	2,261	2,008
Accrued staff related expenses	1,941	2,590
Accrued operating expenses	4,893	10,338
Accrued restructuring costs	3,364	3,364
Loan payable to bank by associate company	<u>-</u>	<u>2,075</u>

(F) Convertible notes

On 10 January 2008, approval was obtained from shareholders at the Company's extraordinary general meeting to approve the issue of up to \$32.0 million redeemable non-recallable structured convertible notes. On 30 January 2008, the Company issue convertible notes of \$3.0 million, of which \$0.5 million was subsequently converted into ordinary shares as at 31 March 2008.

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 March 2008		As at 31 December 2007	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
53	20,987	84	19,107

Amount repayable after one year

As at 31 March 2008		As at 31 December 2007	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
14	-	42	-

Details of collateral

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

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

In S\$'000	Q1-08	Q1-07
Operating activities		
Loss before income tax	(1,629)	(1,525)
Adjustments for		
Depreciation expenses	373	584
Interest expense	345	318
Interest income	(22)	(530)
(Gain) / Loss on disposal of plant and equipment	(15)	14
Reversal of impairment on plant and equipment	-	(69)
Allowance for doubtful trade receivables	11	-
Write back of bad debts written off	(45)	-
Negative goodwill released to income	(63)	-
Provision / (Reversal) of allowance for inventories	114	(65)
Gain of sale of business	-	(935)
Operating cash flows before movements in working capital	(931)	(2,208)
Trade receivables	4,499	7,294
Other receivables and prepayments	1,409	(827)
Inventories	(1,772)	(1,129)
Trade payables	1,139	(3,731)
Other payables	(7,967)	(2,480)
Cash used in operations	(3,623)	(3,081)
Interest received	22	530
Income tax paid	148	(25)
Net cash used in operating activities	(3,453)	(2,576)
Investing activities		
Purchase of plant and equipment	(293)	(159)
Proceeds from disposal of plant and equipment	51	57
Proceeds from sale of business	-	1,743
Net cash from (used in) investing activities:	(242)	1,641
Financing activities		
Proceeds from issue of shares	500	-
Expenses in relation to issuance of convertible notes	(640)	-
Interest paid	(345)	(318)
Decrease in finance lease	(59)	(26)
Proceeds from issuance of convertible notes	2,500	-
Fixed deposits subject to restriction	(1,699)	98
Increase / (Decrease) of bank loans	391	(943)
Net cash used in financing activities	648	(1,189)
Net effect of foreign exchange rate changes	1,063	115
Net decrease in cash and cash equivalents	(1,984)	(2,009)
Cash and cash equivalents at beginning of year	2,118	5,652
Cash and cash equivalents at end of period	134	3,643

I. Cash and cash equivalent at end of financial year :

In S\$'000	31-Mar-08	31-Mar-07
Cash	10,969	11,689
Bank overdrafts	(8,984)	(8,046)
Less: Cash subject to restriction	(1,851)	-
	<hr/>	<hr/>
	134	3,643
	<hr/>	<hr/>

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

In S\$'000	Share capital	Share premium	Capital redemption reserve	Share options reserve	Translation reserve	Revenue reserve	Attributable to equity holders of the company	Minority interest	Total
Group (3 months ended 31 March 2007)									
Balance at 1 January 2007	89,841	-	22	3,166	1,204	(76,369)	17,864	3,575	21,439
Net loss for the period	-	-	-	-	-	(2,015)	(2,015)	227	(1,788)
Foreign currency translation	-	-	-	-	612	-	612	(510)	102
Balance at 31 March 2007	89,841	-	22	3,166	1,816	(78,384)	16,461	3,292	19,753
Group (3 months ended 31 March 2008)									
Balance at 1 January 2008	98,055	-	22	3,015	789	(77,786)	24,095	3,781	27,876
Net loss for the period	-	-	-	-	-	(1,587)	(1,587)	123	(1,464)
Issue of shares for acquisition of subsidiaries	-	-	-	-	-	-	-	-	-
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	500	-	-	-	-	-	500	-	500
Recognition of share-based payments	-	-	-	-	-	-	-	-	-
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	(63)	(63)
Foreign currency translation	-	-	-	-	1,062	-	1,062	-	1,062
Balance at 31 March 2008	97,915	-	22	3,015	1,851	(79,373)	23,430	3,841	27,271
Company (3 months ended 31 March 2007)									
Balance at 1 January 2007	89,841	-	22	3,166	-	(70,412)	22,617	-	22,617
Net loss for the period	-	-	-	-	-	(1,512)	(1,512)	-	(1,512)
Balance at 31 March 2007	89,841	-	22	3,166	-	(71,924)	21,105	-	21,105
Company (3 months ended 31 March 2008)									
Balance at 1 January 2008	98,055	-	22	3,015	-	(83,359)	17,733	-	17,733
Net loss for the period	-	-	-	-	-	(1,623)	(1,623)	-	(1,623)
Issue of shares for acquisition of subsidiaries	-	-	-	-	-	-	-	-	-
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	500	-	-	-	-	-	500	-	500
Recognition of share-based payments	-	-	-	-	-	-	-	-	-
Balance at 31 March 2008	97,915	-	22	3,015	-	(84,982)	15,970	-	15,970

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Issued Share Capital

As at 31 March 2008, the issued ordinary shares of the Company numbered 1,701,716,483. During the quarter, the Company issued 13,227,513 ordinary shares that arose from the conversion of convertible notes.

Share Options

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

The share options granted and exercised during the financial year and share options outstanding as at 31 March 2008 under the Scheme were as follows:

<u>Date of grant</u>	<u>Balance at 1 January 2008 or grant date if later</u>	<u>Lapsed/ Cancelled</u>	<u>Balance at 31 March, 2008</u>	<u>Subscription Price</u>	<u>Expiry date</u>
17 September 2003	1,465,708	(77,142)	1,388,566	\$0.3111	16 September 2013
14 April 2004	12,381,404	(366,427)	12,014,977	\$0.5063	13 April 2014
22 September 2005	11,238,000	-	11,238,000	\$0.1200	21 September 2010
10 January 2008	1,088,000	-	1,088,000	\$0.0556	09 January 2013
	<u>26,173,112</u>	<u>(443,569)</u>	<u>25,729,543</u>		

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>2008</u>	<u>2007</u>
	Number of ordinary shares	
Issued and paid up:	<u>1,701,716,483</u>	<u>1,688,488,970</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

2. Whether the figures have been audited, or reviewed and in accordance with which standard

The figures for the period from 1 January 2008 to 31 March 2008 have not been audited or reviewed by our auditors.

The auditors have expressed an “except for” opinion for the 2007 financial statements where matters below, that have an impact on the opening balances for the year ended 31 December 2007, were highlighted in 2006 financial statements as described in the following:

- a) The opening balances affected by adjustments arising from the matters below were brought forward into the financial statements for the year ended 31 December 2006 and hence have effects on the 2006 financial statements.
- b) The completeness of the disclosure of related party transactions and other financial effects.
- c) The audit clearances for certain subsidiaries were not received as at date of auditors' report.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation have been applied consistently. The Group and the Company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements as at 31 December 2007.

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”) and interpretations of FRS and amendments to FRS effective for accounting periods beginning 1 January 2008 and they are assessed to have no significant impact on the Group's financial position and results of the Group.

6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per ordinary share	YTD	YTD
(based on consolidated net loss	31-Mar-08	31-Mar-07
attributable to equity holders of the Company)	Cents	Cents
- Basic	(0.09)	(0.13)
- Fully diluted	<u>(0.09)</u>	<u>(0.13)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 1,694,157,904 (31 March 2007 : 1,539,452,227).

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 1,694,157,904 (31 March 2007 : 1,539,452,227).

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

	Group		Company	
	31-Mar-08 Cents	31-Dec-07 Cents	31-Mar-08 Cents	31-Dec-07 Cents
Net Asset Value ("NAV") per share	<u>1.38</u>	<u>1.50</u>	<u>0.94</u>	<u>1.10</u>

The NAV per share as at 31 March 2008 is calculated based on 1,694,157,904 (31 December 2007: 1,610,125,914) ordinary shares.

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

Revenue

Revenue for the first quarter increased by 15% to \$68.4 million from \$59.5 million in Q1-07. This is mainly contributed by higher sales from DMS business offset partially by lower AMS revenue. Higher DMS revenue arose principally from lower-margin wholesale and prepaid card businesses.

Loss after income tax

In Q1-08, the Group reported a loss after tax of \$1.5 million compared to a net loss of \$1.8 million in Q1-07. The first quarter result was impacted by currency translation loss of \$1.0 million due to the weakening US dollar, partially offset by a tax refund.

Excluding one-off items, currency translation loss, finance cost and taxes, the Group recorded an operating loss of \$1.2 million in Q1-08 as compared to an operating loss of \$2.0 million in Q1-07.

Cash Flows

The lower cash levels were attributed mainly due to an increase in financing of working capital.

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 25 April 2008, approval was obtained from shareholders at the Company's extraordinary general meeting to approve the issue of \$12.0 million Class A and \$5.2 million Class B convertible bonds under the Debt Restructuring Agreement with its lenders. The convertible bonds issue will reduce the Group's borrowings and improve its Net Tangible Assets ("NTA") when such bonds are converted into ordinary shares.

While the general economic conditions remain difficult, the Group continues to monitor and streamline its operations and roll out its Mobile Value-Added Services ("MVAS") which will be launched in the second half of FY2008.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

BY ORDER OF THE BOARD

**Huang Wenjian Eugene
Company Secretary**

9 May 2008

Negative Assurance Confirmation Under Rule 705(4) of the Listing Manual

We, Mah Kah On and Tong Choo Cherng, being two directors of mDR Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter 2008 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

Tong Choo Cherng
Chief Executive Officer

Singapore, 9 May 2008