mDR Limited

Annual Report 2007

contents

Our vision is to be a leader in distribution, retail and after-market services for high technology products.

corporate profile

mDR Limited ("mDR" or the "Company") is Asia's premier outsourcing solutions partner for major mobile phone manufacturers and telecommunication network operators in the provision of after-market services ("AMS") and distribution and retail ("DMS") for mobile communication and high-tech consumer products.

AMS

In AMS, we offer a comprehensive suite of integrated after-sales customer services including customer relationship management, administrative management, logistics and inventory management, repair management and technical services management, on behalf of our partners to their end-customers through proximity service centres and third-party repair management services.

Today, we operate an integrated AMS network across the Asia-Pacific region comprising more than 150 service centres and more than 150 collection points across various countries in the region. We represent approximately 60 brands including 3Com, Hewlet-Packard, Motorola, LG, Panasonic, Philips, Samsung, Siemens, Sony Ericsson and ZTE.

DMS

Of synergistic fit is our DMS business, which provides distribution and retail of mobile communication equipment and mobile-related services in Singapore and Thailand. DMS partners and customers include mobile telecommunications equipment manufacturers such as Nokia, Samsung, Motorola and Sony Ericsson. Our distribution network comprises of the largest retail chains for mobile phones in Singapore, including authorised dealers and owned retail outlets operating under the "3 Mobile", "Handphone Shop" and "Super Mobile" brands, as well as the newly opened "Handphone Megastore". These outlets retail handsets and accessories of several leading mobile phone brands and are also exclusive distributors for SingTel and MobileOne mobile-related services. The comprehensive list of DMS outlets can be referred to on the back sheet of this Annual Report.

chairman's statement

Introduction

As we move into a new financial year, we can look back at 2007 as a year that we focused on stabilizing and further strengthening the business and financial position of the mDR Group (the "Group").

Let me summarise the key activities undertaken in 2007 that have led us to be more competitive, efficient and better positioned as we move forward into 2008, which given the current economic uncertainties, is expected to be a difficult year.

A Streamlined AMS Model

The most part of 2007 was spent negotiating new service models with our major principals to ensure better financial yields and long term viability to our AMS business. Throughout the year, we continued to work with current and new principals in exploring and evolving new service models on a regional basis. While the negotiation process was tedious and resulted in the exit of certain principals in a few countries, we are glad to report that negotiations were generally successful. Our AMS model is now a relatively more competitive structure, streamlined to more efficiently provide quality and value-adding after market services for global brands in the region.

Through strategizing and analyzing our AMS network, we continued necessary restructuring of the network by making informed decisions to cease non-viable AMS activities, accounts, centers and/or markets. Such markets included Indonesia, Vietnam and the United Arab Emirates. Concurrently, we focused on expanding and strengthening AMS operations in countries which we were confident of growth potential like India. We will continuously strive to diligently monitor and review our current AMS network, and will continue to restructure (if necessary) or expand our network accordingly in 2008 as new opportunities present themselves.

Enhancing DMS Operations

DMS continues to be a high volume but low margin business. While maintaining the viability and profitability of our DMS business, we have successfully integrated new franchisees and wholesale distribution as well as growing the phone card segment. This in turn has led to an overall increase in revenue of approximately S$30.6 million or 14% for 2007.

To further enhance our retail business, DMS is continually looking at creating niche retail concepts. As such, a handphone megastore, the first of its kind in Singapore, opened in February 2008.

We will continue to explore new markets as opportunities arise and aim to continue working closely with current and new partners to further improve market penetration and financial returns.

"mDR Limited is Asia's premier outsourcing solutions partner for major mobile phone manufacturers and telecommunication network operators in the provision of AMS and DMS for mobile communication and high-tech consumer products."

Proposed Strategic Alliance with JEL Corporation (Holdings) Limited ("JEL")

The Group announced in April 2007 a proposed strategic alliance with JEL. The combination of resources between mDR and JEL was envisioned to benefit the Group through a complementary business network, broader geographical presence as well as enhanced product and service offerings.

Unfortunately, in spite of the potential synergies between the companies, the proposed strategic alliance was discontinued towards the later part of 2007 due to circumstances beyond our control.

We appreciate and recognize the value of strategic partnerships and shall continue to explore the viability of such projects in 2008.

Strengthening Our Financial Position

In my address in our last annual report, I have stated that one of our aims was to strengthen the Group's balance sheet and cashflow position. This would better position ourselves to achieve business plans and further enhance the viability and profitability of the Group in the long term. To this end, the Group had successfully negotiated certain fund raising and debt restructuring projects towards the end of 2007.

These projects, in summary, include:-

- A share placement resulting in net proceeds of approximately S$4.8 million for the funding of our working capital; and
- A convertible notes issue of up to S$32.0 million in redeemable non-recallable structured convertible notes to provide a funding stream to the Group for the purposes of expanding current businesses as well as to develop new businesses/markets; general corporate purposes and working capital.

In addition, the Group has continued to work closely with its lender banks during the course of 2007, leading to the successful execution of a debt restructuring and bond issue agreement in February 2008. When completed, this will significantly reduce the indebtedness of the Group while reactivating its credit lines to better facilitate general business activities.

2007 Review

The Group's results for 2007 has considerably improved as compared to the prior year. Our efforts in 2007 has led to a significant improvement in our financial results – from a loss of S$32.9 million in 2006 (excluding one off expenses of S$21.3 million, we reported a loss of S$11.6 million in 2006), to a loss of approximately S$0.5 million in 2007.

The following were key highlights that were undertaken during the year:-

- Fund raising through a share placement and a convertible notes issue to strengthen our balance sheet and cash position, as noted above;
- Recovery of non-core assets through the divestment of equities held by intermediaries;
- Increasing the Group's shareholding in DMS through an acquisition in early 2007 and a capitalization exercise towards the end of 2007 which was completed in early 2008;
- Streamlining of the Group's AMS regional network;
- Reviewing and enhancing business models as well as negotiating with principals with the objective of improving yields; and
- The exploration of a strategic alliance with JEL.

We shall continue our efforts to improve our results further. Together with the incremental funding stream expected to be received from the convertible notes issue, and the Group's reduced borrowings and reactivated credit facilities pursuant to the proposed bank restructuring exercise, we expect the Group to move forward confidently with a strengthened balance sheet and improved cash flow position.

Outlook and Prospects

Our restructured AMS operations, together with our improved DMS operations is expected to further improve yields in 2008.

We shall continue to explore new businesses including joint ventures, acquisitions and strategic partners/investors to further strengthen the performance of the Group. To that end, we have announced a proposed investment in a new business area (i.e. Mobile Value Added Service ("MVAS")). We believe that MVAS will complement our product and service offerings in the mobile space and enhance the value chain of both the AMS and DMS business.

Coupled with additional funding, planned investments and greater working capital, we anticipate that 2008 will present a further improved financial year for the Group as a whole.

Note of Appreciation

I would like to thank my fellow Directors who continue to provide valuable insight and expertise to the Group as we move forward. The Board shall continue to be proactive and contribute constructively to the Group.

Our management team has also shown tremendous initiative, drive and commitment, and I anticipate that they will continue to contribute significantly to the benefit and betterment of the Group in 2008.

As our shareholders, we appreciate your indulgence and understanding, especially throughout the trying times these past few years and seek your continued invaluable support for these exciting times that lay before us.

PHILIP ENG
Chairman

business network

(As at 31 December 2007)

Countries	Cities
Australia	Melbourne and Sydney
Hong Kong SAR	-
India	Over 100 cities
Malaysia	Ipoh, Johor Bahru, Kota Kinabalu, Kuala Lumpur, Kuantan, Kuching, Penang and Petaling Jaya
PRC	Beijing, Shanghai, Suzhou and Tianjin
Singapore	-
Taiwan	Taipei

board of directors

PHILIP ENG is our Independent Non-Executive Chairman. He was appointed to our Board on 1 June 2005 and was re-elected on 31 May 2006. Mr. Eng is also Deputy Chairman of MCL Land Limited. He is Non-Executive Chairman of Orchard Energy Pte Ltd, Director of Singapore Computer Systems Limited, Frasers Centrepoint Asset Management Ltd and Chinese Development Assistance Council. He is also President Commissioner of PT SCS Astra Graphia Technologies and Commissioner of PT Adira Dinamika Multi Finance Tbk, in Indonesia. Mr. Eng retired as Group Managing Director of Jardine Cycle & Carriage Limited in February 2005. He continues to provide services to the Group motor operations on a consultancy basis. He was Singapore's Non-resident High Commissioner to Nigeria from July 2000 to December 2006 and was appointed as Singapore's Non-resident Ambassador to Greece since October 2006. Mr. Eng is Vice Chairman of Network Indonesia and is also a member of the Accounting Standards Council. Mr. Eng graduated from the University of New South Wales with a Bachelor of Commerce in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.

TONG CHOO CHERNG is our Executive Director and Chief Executive Officer. He was appointed to our Board on 25 May 2005 and re-elected on 31 May 2006. As CEO, Mr. Tong is responsible for the overall management of the business of our Group. Mr. Tong joined ACCS in August 2003 as our Regional Director. His last held position with ACCS before assuming his current position was as Director (South Pacific), with overall responsibilities for managing our operations in Australia and New Zealand. Prior to joining us, Mr. Tong was the Chief Financial Officer (South Asia) for Flextronics International Ltd and the Group Chief Financial Officer for JIT Ltd from 1999 to 2000, before JIT Ltd was acquired by Flextronics in 2000. Prior to 1999, Mr.. Tong held various appointments which included Thomson Consumer Electronics Marketing Asia Pte Ltd where he served as Manager – Finance, Ventures and Business Development (1996 to 1997) and then as Manager, Planning & Distribution (1997 to 1999). Before that, Mr. Tong was an Executive Director of United Circuits (HK) Ltd and United Greatwall (China) Ltd, a printed circuit board manufacturer from 1991 to 1996. Between 1985 to 1990, Mr. Tong was with Motorola Electronics Pte Ltd. in Singapore, first as its Financial Controller from 1986 to 1987 and then as Materials Manager from 1988 to 1990. Mr. Tong is qualified as a certified accountant with The Chartered Association of Certified Accountants (United Kingdom).

MAH KAH ON is our Independent Non-Executive Director. He was appointed to our Board on 9 September 2005. Mr. Mah built an illustrious 25-year career in the financial services sector, holding various positions through the years at UMF (S) Limited (formerly known as Associated Merchant Bank Pte Ltd). He was the chief executive officer from 1999 till 30 June 2005, when he retired. Mr. Mah is qualified as a chartered accountant with the Institute of Chartered Accountants in England and Wales and he is currently a member of the Institute of Certified Public Accountants in Singapore.

CHAN SOO SEN is our Independent Non-Executive Director. He was appointed to our Board on 6 October 2006. Mr. Chan is also an Independent Director for BreadTalk Group Limited, Sunmoon Food Company Limited (formerly known as FHTK Holdings Ltd) and Midas Holdings Limited. He is a well-known figure in Singapore's political scene, having been a Member of Parliament ("MP") since winning the 1997 General Elections in the East Coast Group Representative Constituency. He is also currently the MP for Joo Chiat, a ward that he has been in charge of after the 2001 General Elections and upon re-election in the 2006 General Elections. Appointed as the Parliamentary Secretary in January 1997, Mr. Chan had served in the various ministries. He was promoted to Senior Parliamentary Secretary in May 2001 and then to Minister of State six months later. His last held appointments were Minister of State for Education as well as Minister of State in the Ministry of Trade and Industry. He relinquished his political appointments in 2006. Prior to his political career, Mr. Chan spent 14 years in the Administrative Service from 1980 to 1994, rising to the appointment of Deputy Secretary (Development) in the Ministry of Home Affairs. His achievements include setting up the Chinese Development Council in 1992, which has grown to become an effective community self-help group today. He was also responsible for taking the China-Singapore Suzhou Industrial Park project off the ground in 1994 and nurturing it through its initial three years. Mr. Chan was awarded the President's Scholarship and Colombo Plan Scholarship in 1975 to pursue undergraduate studies in the United Kingdom. He graduated in 1978 with a Bachelor of Arts (Second Class Honours) in Mathematics from Keble College, University of Oxford. In 1986, he pursued post graduate studies in the United States under the Public Service Division's Mid Career Scholarship and returned in 1987 with a Master of Science in Management Science from the University of Stanford.

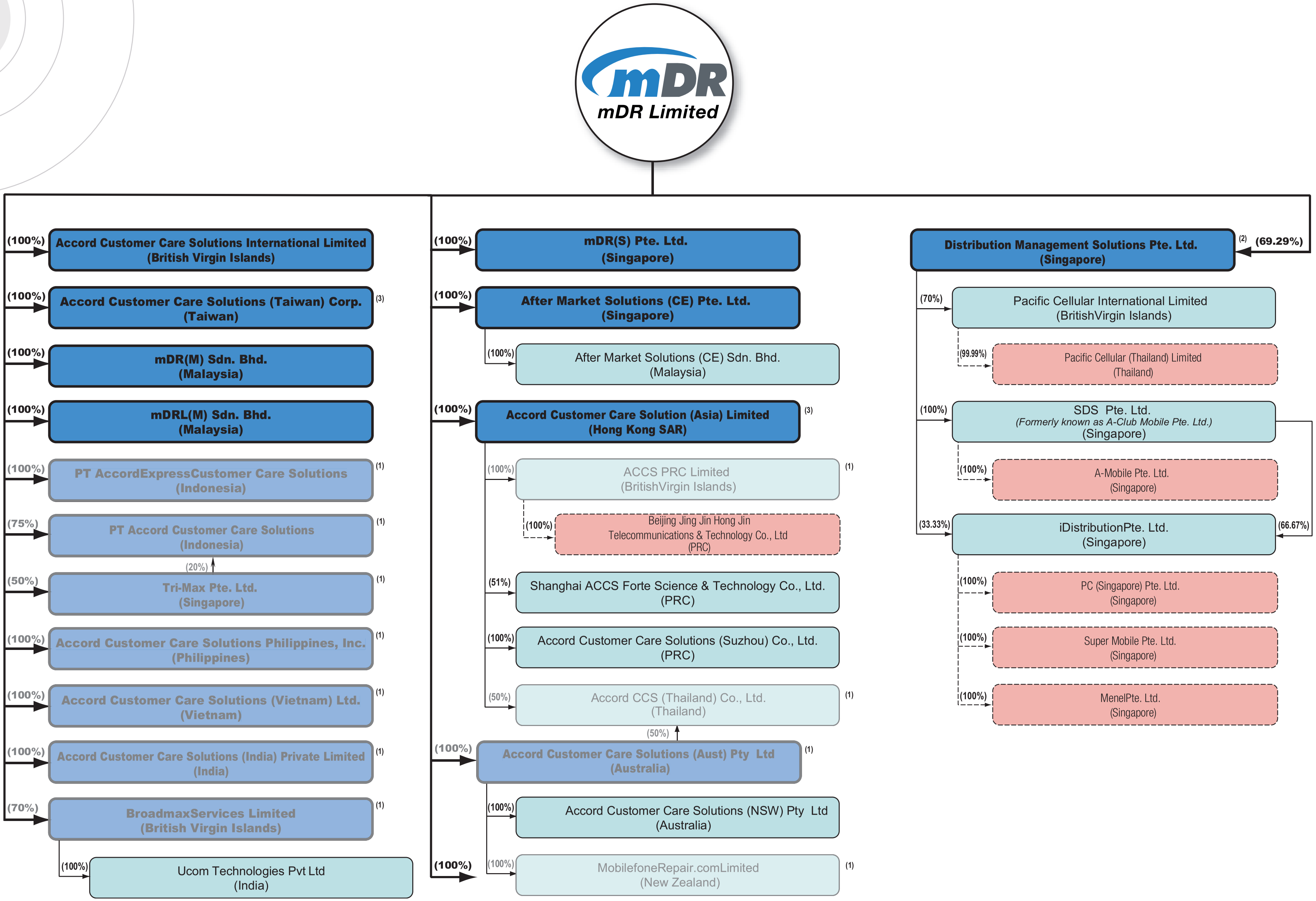
THAM KHAI WOR is our Independent Non-Executive Director. He was appointed to our Board on 6 October 2006. Mr. Tham retired in 2005 from Singapore Press Holdings, the largest media organisation in the region. In his 33 years with SPH, Mr. Tham held a number of critical positions including his last appointment as Senior Executive Vice President, Marketing. He was also a member of the SPH management and executive committees and held various directorships in its subsidiaries. Mr. Tham's knowledge in the publishing of newspapers and magazines is well known in the region. He held various roles in the advancement of the printing, advertising and publishing industries including:-

- President, Master Printers Association;
- President, Media Owners Association;
- Founding Governor, Institute of Advertising; and
- Director, Asian Federation of Advertising Associations.

For all his contributions to advertising, he was awarded the prestigious Max Lewis Award for Excellence in 2005. Mr. Tham is presently a consultant specialising in marketing, strategic brand management and media relations. His clients include SPH, AIG-AIA, SC Global, Mercedes Benz and Singapore Pools.

group structure

(As at 31 December 2007)



Notes:

(1) All subsidiaries denoted with a footnote (1) are currently dormant pursuant to our restructuring efforts in FY2007.

(2) The Company, had on 7 January 2008 increased its shareholdings in Distribution Management Solutions Pte. Ltd. to 76.37%.

(3) Buisness operations for mDR(S) Taiwan Ltd. and mDR (HK) Limited were merged into Accord Customer Care Solutions (Taiwan) Corp. and Accord Customer Care Solutions (Asia) Limited respectively, as part of our restructuring efforts in FY2007.

The Company is committed to observe the standards of corporate governance as set out in the Singapore Code of Corporate Governance (the "Code").

Board's Conduct of its Affairs

The Board is accountable to the shareholders while the management is accountable to the Board.

The Board establishes the control framework that enables risk to be assessed and managed and oversees the Company's affairs and provides shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to interim and other price sensitive public reports, and reports to regulators (if required).

To assist the Board in the execution of its responsibilities, the Board has established 3 committees, namely, the Audit Committee, Nomination Committee and Remuneration Committee, all of which operate within clearly defined terms of reference and functional procedures. Ad hoc committees may also be constituted as and when necessary to oversee special matters.

Regular quarterly meetings have been scheduled for the Board to meet. In addition to scheduled meetings, the Board may also hold ad hoc meetings as and when required. The Company's Articles of Association (the "Articles") allow a Board meeting to be conducted by way of teleconference. Board approval may also be obtained through written resolutions by circulation. The attendances of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings, are disclosed in this Report.

New Directors are briefed and given materials to help them familiarise themselves with the Company's business. To meet the Directors' training needs, the Company will fund Directors' attendances at any course appropriate to their discharge of duties as Directors.

Directors are given unrestricted access to all Company staff. Directors are provided with the agenda and meeting materials in advance of Board meetings. Key management staff and the Company's auditors and solicitors, where appropriate, are invited to assist the Board in its deliberations.

Board Composition and Balance

As at the date of this Report, the Board comprises one Executive Director and four Non-Executive Directors of whom all four are also Independent Directors (i.e. Independent Directors make up more than one-third of the Board). The independence of each Independent Director is reviewed annually by the Nomination Committee. The Nomination Committee adopts the Code's definition of what constitutes an independent director in its review. The Nomination Committee is of the view that the four current Independent Directors of the Company, namely Mr.Philip Eng Heng Nee, Mr. Chan Soo Sen, Mr. Mah Kah On and Mr. Tham Khai Wor are independent directors within the meaning of the Code, that there is a strong and independent element on the Board which is able to exercise objective judgment on corporate affairs independently, in particular, from management, and that no individual or small group of individuals dominate the Board's decision-making process. The Nomination Committee is also of the view that the current Board consists of persons who, together, will provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge necessary to meet the Company's objectives.

Role of Chairman and Chief Executive Officer

The Board applies the principle of clear division of responsibilities at the top of the Company – the working of the Board and the executive responsibility of the Company's business are divided to ensure a balance of power and authority.

The Chairman and Chief Executive Officer functions in the Company are assumed by different individuals. The Chief Executive Officer is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairman bears responsibility for the management of the Board. The Chief Executive Officer of the Company, Mr. Tong Choo Cherng, is not related to the Chairman of the Board, Mr. Philip Eng Heng Nee.

Access to Information

Board memoranda accompany each Director's written resolution to provide explanatory information on the resolution. Financial budgets and forecasts are also presented to the Board before adoption. The Directors have also been provided with the telephone numbers and e-mail addresses of the Company's Senior Management and Company Secretary to facilitate separate and independent access.

Should Directors, whether as a group or individually, need independent professional advice, the Company Secretary will, upon direction by the Board, appoint a professional adviser selected by the group or individual, to render the advice. The cost of such professional advice will be borne by the Company.

The Company Secretary, Huang Wenjian Eugene attends all Board and Board committee meetings unless there is a valid reason for excusing himself from any meeting, in which case a representative will attend in his absence. The Company Secretary helps to ensure that board procedures are followed and relevant regulations are complied with.

Nomination Committee ("NC")

As at the date of this Report, the Company's NC comprises four Non-Executive Directors, namely Mr. Chan Soo Sen (NC chairman), Mr. Philip Eng Heng Nee, Mr. Mah Kah On and Mr. Tham Khai Wor, all of whom are independent. The NC chairman is not directly associated with any substantial shareholder of the Company.

The NC is responsible for, *inter alia*, making recommendations to the Board on all Board appointments and determining the independence of Directors.

The NC has put in place a set of guidelines to evaluate Board performance and individual Director's performance. Each member of the NC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberation of the NC in respect of the assessment of his performance or re-nomination as a Director.

New Directors may be appointed *via* Board resolutions after the NC has reviewed and nominated them for appointments. Such new Directors must submit themselves for re-election at the next Annual General Meeting of the Company. The NC, in considering the re-appointment of any Director, shall evaluate the performance of the Director. The Chairman will constantly monitor and assess each Director's contribution to the Board at meetings, intensity of participation at meetings and the quality of interventions and then discuss the results with the Chairman of the NC. The Directors' attendance record at Board and Board committee meetings will make up the other criteria for re-appointment.

Article 91 of the Articles requires every Director to retire from office once every three years and for this purpose, at each Annual General Meeting, one-third of the Directors for the time being (other than any Director holding office as Managing or Joint Managing Director) shall retire from office. This means that no Director (other than the Managing or Joint Managing Director) stays in office for more than three years before being re-elected by shareholders.

Audit Committee ("AC")

As at the date of this Report, the Company's AC comprises four Non-Executive Directors, namely Mr. Mah Kah On (AC chairman), Philip Eng Heng Nee, Chan Soo Sen and Tham Khai Wor, all of whom are independent. Each AC member has many years of experience in managerial positions in various industries. The Board is of the view that the AC members have sufficient financial management expertise to discharge the AC's functions.

The role of the AC includes *inter alia* reviewing the quarterly and full-year financial statements prior to submission to the Board, reviewing the independence and objectivity of the external auditors and reviewing interested person transactions.

The AC is explicitly authorised by the Board to investigate any matters within its terms of reference. For such purpose, the AC shall have full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly. Each member of the AC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations in respect of matters in which he is interested.

Minutes of AC meetings are available to all Directors for information and review.

The AC meets with the external auditors, without the presence of management, once a year. The AC has reviewed the independence and objectivity of Deloitte & Touche and has satisfied itself of Deloitte & Touche's position as an independent external auditor.

Internal Audit

The Company's internal audit department (the "IA") is an independent function that reports directly to the AC on audit matters, and to the Chief Executive Officer on administrative matters. The AC reviews the IA's reports and its activities on a quarterly basis. The AC also reviews and approves the annual internal audit plans and resources to ensure that the IA has the capability to adequately perform its functions. The IA meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. Due to recent staff movement, the Company is recruiting to fill up the department's manpower requirement.

The AC is of the view that the IA has appropriate standing within the Company, and subject to the recruitment of additional headcount, will be adequately resourced.

Remuneration Committee ("RC")

As at the date of this Report, the Company's RC comprises four Non-Executive Directors, namely, Mr. Mr. Tham Khai Wor (RC chairman), Mr. Philip Eng Heng Nee, Mr. Chang Soo Sen and Mr. Mah Kah On, all of whom are independent of management and free from any business or other relationship, which may materially interfere with the exercise of their independent judgment.

The RC has access to the Company's human resources department and external consultant for expert advice on executive compensation.

The RC is mandated with the responsibility to oversee the general compensation of employees of the Group with a goal to motivate, recruit and retain employees and Directors through competitive compensation and progressive policies. The RC's recommendations are made in consultation with the Chairman of the Board and submitted for approval by the entire Board.

Each Member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations in respect of his remuneration.

Procedures for developing remuneration policies, level and mix of remuneration and disclosure on Remuneration

The RC's principal responsibilities are to:-

1) recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as share options;

2) approve the structure of the compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and Senior Management to ensure that the programme is competitive and sufficient to attract, retain and motivate Senior Management of the required quality to run the Company successfully;

3) review Directors' and Senior Management's compensation annually and determine appropriate adjustments; and review and recommend the Chief Executive Officer's pay adjustments; and

4) administer the mDR Share Option Scheme 2003 ("ESOS"), details of which are set out in this Annual Report.

The RC decides on the specific remuneration packages for the Directors, Chief Executive Officer and all employees who report directly to the Chief Executive Officer. The RC's recommendations are made in consultation with the Chairman of the Board and submitted for approval by the entire Board.

The Chief Executive Officer's remuneration package includes a performance-related variable bonus, and also share options which have been designed to align his interests with the shareholders'. The Chairman's remuneration is not performance-related and is paid as a director's fee, similar to other Non-Executive Directors except that the fee payable to the Chairman is three times that payable to a Non-Executive Director. The Chairman is also entitled to share options under the ESOS. Directors' fees are recommended by the Board for approval at the Company's Annual General Meeting.

In setting remuneration packages, the RC takes into account the performance of the Group and the individual. In its deliberations, the RC takes into consideration pay and employment conditions within the industry and in comparable companies.

As at 31 December 2007, the number of Directors whose remuneration fall within the following categories are as follows:-

Range	2007	2006
Below S$250,000	4	4
Between S$250,000 and S$500,000	–	–
Above S$500,000	1	1

The terms of appointment of the Chairman of the Board, Mr. Philip Eng Heng Nee, are set out in an appointment letter from the Company to him. His remuneration package essentially comprises a director's fee of S$120,000 for each financial year and share options under the ESOS. Upon full exercise of the said options, the total number of shares to be issued to Mr. Philip Eng will be equivalent to 1.46% of the issued share capital of the Company as at 31 December 2007.

The Non-Executive Directors do not have appointment letters from the Company. Their terms of appointment and office are specified in the Articles.

The remuneration package of each of the three Non-Executive Independent Directors, namely Mr. Chan Soo Sen, Mr. Mah Kah On and Mr. Tham Khai Wor essentially comprises a director's fee of S$40,000 for each financial year.

The chairmen and members of the various Board committees also receive the following additional fees to take into account their additional responsibilities:-

Appointment	Additional fee for each financial year (S$)
Audit Committee chairman	20,000
Audit Committee member	10,000
Nomination Committee chairman	6,000
Nomination Committee member	3,000
Remuneration Committee chairman	6,000
Remuneration Committee member	3,000

In a typical financial year, Directors are required to attend up to six Board meetings without being paid any attendance fee at those six Board meetings.

The RC recommends to the Board, Non-Executive Directors' fees that are appropriate to the level of contribution, taking into account factors such as effort and time spent, responsibilities of Directors. The RC is of the view that the Non-Executive Directors are not over-compensated to the extent that their independence may be compromised.

The Company has entered into a Service Agreement dated 25 May 2005 with Mr. Tong Choo Cherng. Under the Service Agreement, Mr. Tong was appointed as the Chief Executive Officer of the Company. The appointment is for a term of five years (unless terminated by either party on the giving of six months' notice). The Service Agreement will also terminate automatically in the event of his death and may be terminated immediately by the Company without prior notice on the occurrence of certain specified events including serious or persistent breach of obligations, grave misconduct or bankruptcy.

The Company has also given an appointment letter to Mr. Philip Eng Heng Nee, which sets out the terms of his appointment as Chairman of the Board.

Save as disclosed above, there are no other existing or proposed service contracts or appointment letters between the Company or its subsidiaries and any of its Directors.

There are no existing or proposed service contracts entered or to be entered into by any Director with the Company or any of the Company's subsidiaries which provide for benefits upon termination of employment.

Key Executives' Remuneration

The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five executives (who are not Directors) of the Company in this Report due to the sensitive and confidential nature of such information.

Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer and whose remuneration exceeds S$150,000 during FY2007

There are no employees who are immediate family members of a Director or the Chief Executive Officer and whose remuneration exceeds S$150,000 during FY2007.

Accountability and Audit
Communication with Shareholders
Greater Shareholder Participation

The Company has adopted quarterly results reporting since its listing. The quarterly results are published through the SGXNET for the public and shareholders' information.

The Company does not practise selective disclosure of material information. Material information is excluded from any briefing or is first publicly released, either before the Company meets with investors or analysts or concurrently with such meetings. Results and annual reports are announced or issued within the mandatory period (unless extension of time is granted by the Singapore Exchange Securities Trading Limited ("SGX-ST") and/or the Accounting & Corporate Regulatory Authority) and will also be made available on the Company's website.

The Company's investor relation function is supported either in-house by the corporate affairs deparment or outsourced on an ad hoc basis to an external public relations firm which assists in matters of communication with its investors, the media and analysts and the public. All shareholders of the Company receive the Company's annual report and notice of Annual General Meeting. The notice of meeting will also be posted on the Company's website. At Annual General Meetings, shareholders are given equal opportunity and time to air their views and ask Directors or management questions regarding the Company. The Articles allow a shareholder to appoint one or two proxies to attend and vote in his place at general meetings. The chairman of each Board committee will be present and available to address questions at general meetings. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. There will be separate resolutions at general meetings.

Contrary to the recommendation of Rule 15.1 of the Code, the Company has not amended its Articles to provide for absentia voting methods which call for elaborate and costly implementation of a fool-proof system, the need for which does not presently arise.

Best Practices Guide and Dealings in Securities

Notwithstanding that compliance with the SGX-ST's Best Practices Guide is stated as not mandatory, the Company is committed to also adopt and abide by the Best Practices Guide.

The Company has adopted internal codes pursuant to the SGX-ST Best Practices Guide applicable to all its officers in relation to dealings in the Company's securities.

Its officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's first quarter, half-year and third quarter financial results, and one month before the announcement of the Company's full-year results, and ending on the date of the announcement of the relevant results.

Directors' Attendance at Board and Board Committee Meetings

For FY2007, the Directors' attendances at Board and committee meetings are as follows:-

	No. of meetings attended expressed as a ratio of total no. of meetings held in FY2007			
Director	**Board Meetings**	**AC Meetings**	**NC Meetings**	**RC Meetings**
Philip Eng Heng Nee	7/7	4/4	1/1	3/3
Tong Choo Cherng	7/7	N.A. (1)	N.A. (1)	N.A. (1)
Chan Soo Sen	4/7	2/4	0/1	1/3
Mah Kah On	7/7	4/4	1/1	2/3
Tham Khai Wor	4/7	2/4	1/1	3/3

Note:
(1) Mr Tong Choo Cherng is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.

Interested Person Transactions Policy

The Company has adopted an internal policy where all Interested Person Transactions will be documented and submitted at least quarterly (during each quarterly AC meeting) to the AC for its review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the Company and its minority shareholders.

In the event that a member of the AC is deemed to have an interest in an Interested Person Transaction, he will abstain from reviewing that particular transaction.

Implementation of Whistle-Blowing Policy

The Company, have implemented a whistle-blowing policy by which staff of the Company may, in confidence, raise concerns about possible improprieties in financial or other matters and that arrangements are in place for independent investigation of such matters and for appropriate follow-up action.

By Order of the Board

HUANG WENJIAN EUGENE

11 April 2008

The directors present their report together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended December 31, 2007.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Philip Eng Heng Nee	(Chairman of the Board of Directors)
Tong Choo Cherng	
Mah Kah On	
Chan Soo Sen	
Tham Khai Wor	

2 AUDIT COMMITTEE

The Board of Directors has adopted the principles of corporate governance under the Best Practices Guide with regards to the audit committee.

The members of the Audit Committee at the date of this report are:

Mah Kah On	(Chairman of the Audit Committee)
Philip Eng Heng Nee	
Chan Soo Sen	
Tham Khai Wor	

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results;

c) the quarterly, half-yearly and annual announcements on the results and the financial position of the Company and the Group;

d) the co-operation and assistance by the management to the Group's external auditors; and

e) the reappointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has fully discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte and Touche for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options mentioned in paragraphs 4 and 6 of the Report of the Directors.

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of director		
	At January 1, 2007	At December 31, 2007	At January 21, 2008
mDR Limited - Ordinary shares			
Tong Choo Cherng	5,000,000	10,000,000	10,000,000
mDR Limited - Options granted			
Philip Eng Heng Nee	11,238,000	11,238,000	12,326,000
Tong Choo Cherng	1,716,428	1,716,428	1,716,428

5 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

6 SHARE OPTIONS

a) At the Extraordinary General Meeting held on January 13, 2003, the shareholders approved the adoption of the ACCS Share Option Scheme 2003. On June 7, 2006, the share option scheme was renamed as the mDR Share Option Scheme 2003 (the "2003 Scheme"). The share option scheme is administered by the Remuneration Committee, comprising the following:

Tham Khai Wor (Chairman of the Remuneration Committee)
Chan Soo Sen
Mah Kah On
Philip Eng Heng Nee

b) Each share option entitles the employees of the Group and of its associated company(ies) to subscribe for one new ordinary share in the Company. The options are granted at a consideration of $1.00 paid by each option holder.

The 2003 Scheme will operate for a maximum period of 10 years commencing on January 13, 2003. Under the 2003 Scheme, share options may be granted to the employees of the Group and its associated company(ies), if any, provided that the Company has control over the associated company(ies). Control is defined as the capacity to dominate decision making in relation to the financial and operating policies of the Company. Approval of the independent shareholders in separate resolutions is required for the participation by and the number and terms of options to be granted to participants who are controlling shareholders of the Company or their associates.

Options that are granted may be at the market price ("Market Price Options") or may have exercise prices that are, at the Remuneration Committee's discretion, set at a discount to the market price of a share. The maximum discount cannot exceed 20%. In the event that options are issued at a discount, such options may be exercised only after the second anniversary from the date of the grant of the option.

If an option holder ceases to be in full time employment with the Company or any of the companies within the Group or its associated company(ies) for any reason whatsoever, the option holder may exercise any unexercised options within 1 month from the last date of employment with the relevant entity.

Market Price Options shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof) at any time after (12) twelve months of the date of grant of that option.

Options granted with an exercise price set at discount to market price shall only be exercisable by a participant, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof) at any time after twenty four (24) months from the date of grant of that option.

Provided always that options shall be exercised before the end of one hundred and twenty (120) months (or sixty (60) months where the participant is a non-Executive Director) of the date of grant of that option and subject to such other condition as may be introduced by the Remuneration Committee from time to time.

c) At the Extraordinary Meeting held on April 14, 2004, the shareholders approved the amendment of certain provisions of the 2003 Scheme to:

i) allow non-executive directors of the Company to participate in the 2003 Scheme; and

ii) extend the size of the 2003 Scheme from 10% to 15% of the issued share capital of the Company.

d) The share options granted and exercised during the financial year and share options outstanding as at December 31, 2007 under the 2003 Scheme were as follows:

	Number of share options				
Grant date	Balance at January 1, 2007	Lapsed/ cancelled	Balance at December 31, 2007	Subscription price $	Expiry date
September 17, 2003	1,735,707	(269,999)	1,465,708	0.3111	September 16, 2013
April 14, 2004	13,781,542	(1,400,138)	12,381,404	0.5063	April 13, 2014
September 22, 2005	11,238,000	–	11,238,000	0.1206	September 21, 2010
	26,755,249	(1,670,137)	25,085,112		

e) Options granted to directors of the Company under the 2003 Scheme were as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to December 31, 2007	Aggregate options exercised since commencement of the Scheme to December 31, 2007	Aggregate options outstanding at December 31, 2007	Percentage of total number of options outstanding at December 31, 2007
Philip Eng Heng Nee	–	11,238,000	–	11,238,000	45%
Tong Choo Cherng	–	1,716,428	–	1,716,428	7%

f) During the financial year, as disclosed in paragraph 6(e) above in respect of options granted to Philip Eng Heng Nee and Tong Choo Cherng, no employees received 5% or more of the total number of options available under the 2003 scheme. No shares were issued at a discount to the market price.

g) At the end of the financial year, there were no unissued shares of the subsidiaries under option.

7 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Philip Eng Heng Nee

....
Tong Choo Cherng

April 7, 2008

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 23 to 73 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2007, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

....
Philip Eng Heng Nee

....
Tong Choo Cherng

April 7, 2008

We have audited the accompanying financial statements of mDR Limited (the 'Company') and its subsidiaries (the 'Group') which comprise the balance sheets of the Group and the Company as at December 31, 2007, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in pages 23 to 73.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except for the matter described in the Basis for Qualified Opinion paragraphs, we conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The matters below, that have an impact on the opening balances for the year ended December 31, 2007, were highlighted in our auditors' report on the financial statements for the year ended December 31, 2006 whereby we issued a qualified opinion:

a) Opening Balances

We were unable to satisfy ourselves about the opening balances brought forward from December 31, 2006 as we issued a disclaimer of opinion for the year ended December 31, 2005 and 2004.

b) Transactions with related parties

We were unable to satisfy ourselves as to the completeness of the disclosure of related party transactions and other financial effects, if any, on the financial statements.

c) Overseas subsidiaries

We did not receive audit clearances from certain subsidiaries' auditors and the auditors of certain other subsidiaries expressed disclaimer of opinion for the year ended December 31, 2006 and 2005.

The opening balances affected by the matters described above were brought forward into the financial statements for the year ended December 31, 2007 and hence these matters may have effects on the 2007 financial statements.

Qualified Opinion

Except for the effects of such adjustments and disclosures, if any, on the accompanying financial statements, of the matters described in the Basis for Qualified Opinion paragraphs, in our opinion the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2007 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Opinion on accounting and other records

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte and Touche
Public Accountants
Certified Public Accountants

Cheung Pui Yuen
Partner
Appointed on 3 October 2005

Singapore
April 7, 2008

Balance Sheets

YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
ASSETS					
Current assets					
Cash and bank balances	6	9,613	14,320	2,034	3,395
Cash and bank balances pledged	6	152	98	152	–
Trade receivables	7	33,184	32,205	7,659	7,919
Other receivables and prepayments	8	6,137	6,587	7,499	17,015
Inventories	9	16,678	14,190	–	–
Total current assets		65,764	67,400	17,344	28,329
Non-current assets					
Investment in associates	10	–	14	–	–
Investment in subsidiaries	11	–	–	26,523	27,197
Advance payments for investments	12	–	1,951	–	1,951
Plant and equipment	13	3,841	7,468	424	942
Other investments	14	–	9,731		6,090
Goodwill on consolidation	15	11,655	12,174	–	–
Other goodwill	16	8,074	8,074	–	–
Total non-current assets		23,570	39,412	26,947	36,180
Total assets		89,334	106,812	44,291	64,509
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	17	19,107	22,295	5,252	6,016
Trade payables	18	18,941	14,977	1,319	1,479
Other payables	19	20,645	45,574	19,075	33,485
Income tax payable		1,460	1,166	–	–
Current portion of finance leases	20	84	17	–	–
Total current liabilities		60,237	84,029	25,646	40,980
Non-current liabilities					
Finance leases	20	42	191	–	–
Deferred tax liabilities	21	1,179	1,153	912	912
Total non-current liabilities		1,221	1,344	912	912
Capital, reserves and minority interests					
Share capital	23	98,055	89,841	98,055	89,841
Capital redemption reserve		22	22	22	22
Share options reserve	24	3,015	3,166	3,015	3,166
Foreign currency translation reserve		789	1,204	–	–
Accumulated losses		(77,786)	(76,369)	(83,359)	(70,412)
Equity attributable to equity holders of the Company		24,095	17,864	17,733	22,617
Minority interests		3,781	3,575	–	–
Total equity		27,876	21,439	17,733	22,617
Total liabilities and equity		89,334	106,812	44,291	64,509

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 $'000	Group 2006 $'000
Revenue	25	288,066	268,732
Cost of sales		(244,008)	(219,834)
Gross profit		44,058	48,898
Other operating income	26	4,347	7,391
Administrative expenses		(40,261)	(46,668)
Other operating expenses	27	(6,821)	(40,646)
Finance cost	28	(1,157)	(1,655)
Profit / (Loss) before income tax		166	(32,680)
Income tax expense	29	(636)	(206)
Loss for the year	30	(470)	(32,886)
Attributable to:			
Equity holders of the Company		(1,417)	(33,041)
Minority interests		947	155
		(470)	(32,886)
Loss per share (cents):			
- Basic	31	(0.09)	(2.36)
- Diluted	31	(0.09)	(2.36)

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2007

	Share capital	Share premium reserve	Capital redemption reserve	Share reserve	Foreign currency options translation reserve	Accumulated losses	Attributable to equity holders of the Company	Minority interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Balance at Jan 1, 2006	24,024	38,394	22	2,716	(633)	(43,328)	21,195	5,398	26,593
Net loss for the year	–	–	–	–	–	(33,041)	(33,041)	155	(32,886)
Exchange differences arising on translation of foreign operations (*)	–	–	–	–	1,837	–	1,837	–	1,837
Total recognised income and expense for the year	–	–	–	–	1,837	(33,041)	(31,204)	155	(31,049)
Issue of shares on rights issue (Note 23)	19,923	–	–	–	–	–	19,923	–	19,923
Issue of shares on acquisition of interest in subsidiaries (Note 23)	7,500	–	–	–	–	–	7,500	–	7,500
Recognition of share-based payments (Note 24)	–	–	–	450	–	–	450	–	450
Effects of acquisition of interest in subsidiaries	–	–	–	–	–	–	–	(1,978)	(1,978)
Transfer from share premium reserve	38,394	(38,394)	–	–	–	–	–	–	–
Balance at Dec 31, 2006	89,841	–	22	3,166	1,204	(76,369)	17,864	3,575	21,439
Net loss for the year	–	–	–	–	–	(1,417)	(1,417)	947	(470)
Exchange differences arising on translation of foreign operations (*)	–	–	–	–	(415)	–	(415)	(491)	(906)
Total recognised income and expense for the year	–	–	–	–	(415)	(1,417)	(1,832)	456	(1,376)
Issue of shares for acquisition of interest in subsidiaries (Note 23)	250	–	–	–	–	–	250	(250)	–
Issue of shares on settlement of consultation services rendered (Note 23)	3,118	–	–	–	–	–	3,118	–	3,118
Issue of shares on placement (Note 23)	4,846	–	–	–	–	–	4,846	–	4,846
Recognition of share-based payments (Note 24)	–	–	–	(151)	–	–	(151)	–	(151)
Balance at December 31, 2007	98,055	–	22	3,015	789	(77,786)	24,095	3,781	27,876

(*) Also recognised directly in equity.

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2007

	Share capital	Share premium reserve	Capital redemption reserve	Share option reserve	Accumulated losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Balance at Jan 1, 2006	24,024	38,394	22	2,716	(34,358)	30,798
Issue of shares on rights issue	19,923	–	–	–	–	19,923
Issue of shares on acquisition of interest in subsidiaries (Note 23)	7,500	–	–	–	–	7,500
Recognition of share-based payments (Note 24)	–	–	–	450	–	450
Transfer from share premium reserve	38,394	(38,394)	–	–	–	–
Net loss for the year	–	–	–	–	(36,054)	(36,054)
Balance at Dec 31, 2006	89,841	–	22	3,166	(70,412)	22,617
Issue of shares for acquisition of interest in subsidiaries (Note 23)	250	–	–	–	–	250
Issue of shares on settlement of consultation services rendered (Note 23)	3,118	–	–	–	–	3,118
Issue of shares on placement (Note 23)	4,846	–	–	–	–	4,846
Recognition of share-based payments (Note 24)	–	–	–	(151)	–	(151)
Net loss for the year	–	–	–	–	(12,947)	(12,947)
Balance at December 31, 2007	98,055	–	22	3,015	(83,359)	17,733

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

YEAR ENDED 31 DECEMBER 2007

	2007	2006
	$'000	$'000
Operating activities		
Profit / (Loss) before income tax	166	(32,680)
Adjustments for:		
Depreciation expense	2,083	5,061
Interest expense	1,157	1,655
Interest income	(1,060)	(2,289)
Loss on disposal of plant and equipment	522	5,529
Reversal of impairment of plant and equipment	(69)	(2,063)
Impairment of plant and equipment	–	71
Reversal of provision for impairment for advance payments for investments	(1,606)	(1,299)
Allowance for inventories	60	701
Allowance for trade receivables	29	–
(Reversal of) / Allowance for other receivables	(642)	6,163
Share-based payments	(151)	450
Other goodwill written off	–	60
Impairment of other goodwill	–	1,100
Impairment of goodwill on consolidation	519	2,336
(Reversal) Impairment of other investments	(1,151)	8,000
Negative goodwill released to income	–	(601)
Provision for restructuring cost	–	5,948
Gain on sale of business	(788)	–
Loss on disposal of subsidiary	239	–
Forfeiture of deposit received	(1,501)	–
Operating cash flows before movements in working capital	(2,193)	(1,858)
Trade receivables	(2,072)	(9,571)
Other receivables and prepayments	880	3,814
Inventories	(2,787)	(1,818)
Trade payables	4,615	1,725
Other payables	(22,475)	(7,241)
Cash used in operations	(24,032)	(14,949)
Income tax paid	(316)	(134)
Interest received	1,060	2,289
Net cash used in operating activities	(23,288)	(12,794)
Investing activities		
Acquisition of subsidiaries	–	(7,109)
Additional investment in subsidiaries	(250)	(664)
Proceeds from disposal of plant and equipment	284	–
Purchase of plant and equipment	(1,073)	(1,058)
Proceeds from other investment	10,882	–
Advance payments for investments recovered	3,557	536
Proceeds from sale of business	1,743	–
Proceeds from disposal of subsidiary	120	–
Net cash from (used in) investing activities	15,263	(8,295)

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

YEAR ENDED 31 DECEMBER 2007

	2007	2006
	$'000	$'000
Financing activities		
Interest paid	(1,157)	(1,655)
Repayment of bank loans	(2,015)	(11,207)
Proceeds from issue of shares	8,214	27,423
Repayment of finance leases	(82)	(72)
Repayment of cash pledged (Note A)	(54)	5,350
Net cash from financing activities	4,906	19,839
Net decrease in cash and cash equivalents	(2,548)	(1,250)
Cash and cash equivalents at beginning of year	5,652	5,071
Effect of foreign exchange rate changes	(415)	1,831
Cash and cash equivalents at end of financial year (Note A)	2,118	5,652

Notes to the consolidated cash flow statements

A. Cash and cash equivalents at end of financial year:

	2007	2006
	$'000	$'000
Cash	9,765	14,418
Bank overdrafts	(7,495)	(8,668)
Less: Cash pledged (Note 6)	(152)	(98)
Net	2,118	5,652

See accompanying notes to financial statements.

1 GENERAL AND GOING CONCERN ASSUMPTION

a) The Company (Registration No. 200009059G) is incorporated in the Republic of Singapore with its registered office and principal place of business at 20 Toh Guan Road #07-00 CJ GLS Building, Singapore 608839. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Singapore dollars.

b) The principal activity of the Company is that of investment holding.

c) The principal activities of the associates and subsidiaries are described in Notes 10 and 11 to the financial statements respectively.

d) The Group incurred losses of $470,000 (2006 : $32,886,000) for the financial year ended December 31, 2007. As at December 31, 2007, the Group's current assets exceeded the current liabilities by $5,527,000. In 2006, the Group's current liabilities exceeded the current assets by $16,629,000. The management are of the view that it is appropriate for the financial statements of the Company and the Group to be prepared on a going concern basis. After reviewing the business plans and cash flow forecasts of the Company and the Group prepared by management, the directors believe that the Company and the Group are able to continue as a going concern in the foreseeable future and will be able to realise their assets and discharge their liabilities in the normal course of business, as:

   i) the management are evaluating various strategies to improve the operating performance and financial position of the Company and the Group.

   ii) the management are of the view that the lenders will continue to provide the credit facilities to the Group at the current outstanding level and that the current facilities already utilised is adequate for the current operations of the Group.

e) The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended December 31, 2007 were authorised for issue by the Board of Directors on March 31, 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below and in the notes to financial statements.

FRS 107 - Financial Instruments : Disclosure and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures

The Group has adopted FRS 107 with effect from annual periods beginning on or after January 1, 2007. The new Standard has resulted in an expansion of the disclosure in these financial statements regarding the Group's financial instruments. The Group has also presented information regarding its objective policies and process for managing capital (see Note 4) as required by the amendment to FRS 1 which are effective from annual periods beginning on or after January 1, 2007.

The management anticipate that the adoption of the above FRSs and INT FRSs in future periods will have no material impact on the financial statements of the Company and of the Group in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by other members of the Group.

All material intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal Groups) that are classified as held for sale in accordance with FRS 105 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit and loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than these financial instruments "at fair value through profit or loss".

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "receivables". Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Other investments and advance payments for investments

Investment in unquoted bonds, unquoted equity shares and advance payments for investments are measured at amortised cost, less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and fixed deposits and bank overdrafts that are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit and loss statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, if the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collaterised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories consist principally of handphone spare parts, accessories and handphone sets that are stated at the lower of cost (determined on a first-on, first-out basis) and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PLANT AND EQUIPMENT – Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computers and computer system	-	20% to $33^1/_3$%
Plant and equipment	-	10% to 20%
Motor vehicles	-	18% to $33^1/_3$%
Furniture, fittings and renovations	-	20% to $33^1/_3$%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

GOODWILL ON CONSOLIDATION AND OTHER GOODWILL ("GOODWILL") - Goodwill arising on the acquisition of a subsidiary or a business represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or purchased business recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or purchased business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF ASSETS EXCLUDING GOODWILL - At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement.

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred a legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group issues equity-settled payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions, behavioural considerations and the effects arising from the restatement and adjustments to the Group's and Company's financial statements.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Rendering of services</u>

Revenue from rendering of after-market services, including retrofit services and repair management fee services is recognised when the services are completed.

Revenue from rendering of distribution management services is recognised when the services are completed.

Retrofit income is recognised when the services are completed.

Other management fees are recognised when services are rendered.

Management and corporate advisory fees are recognised when services are rendered.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss statement.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2, management is of the opinion that any instances of application of judgements (other than those arising from estimates discussed below) are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

<u>Impairment of goodwill on consolidation and other goodwill</u>

In determining whether goodwill is impaired, an estimation of the value in use of the cash-generating units to which goodwill has been allocated is performed by management. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was $11.7 million (2006 : $12.2 million). Details of the impairment loss calculation are provided in Note 15 to the financial statements.

<u>Recoverability of other receivables</u>

During the year, the management considered the recoverability of other receivables due from certain subsidiaries included in the balance sheet of the Company as at December 31, 2007 and made an additional provision for doubtful other receivables of $10.6 million (2006 : $20.9 million) (Note 8).

Allowance for inventory obsolescence

In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates took into consideration the historical trend in the usability of these inventories. However, if the actual use differs from these estimates, there may be a material impact on the financial statements of the Group. The carrying amount of inventories as at December 31, 2007 is disclosed in Note 9 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Financial risk management policies and objectives*

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Financial Assets				
Loans and receivables (including cash and cash equivalent)	49,086	53,210	17,344	28,329
Financial Liabilities				
Amortised cost	58,819	83,054	25,646	40,980

(b) *Financial risk management policies and objectives*

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including EURO and US dollars, and therefore is exposed to foreign exchange risk. This risk is managed through natural hedges as revenue and sales denominated in foreign currency are partly matched with corresponding costs in the same foreign currency.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollars	(3,432)	(3,288)	8,509	7,112	(445)	(459)	16,791	1,302
Euros	(463)	(595)	674	1,299	(51)	(166)	1,242	1,318
Chinese Renminbi	(94)	–	37	–	(5,882)	(5,894)	–	–
Thai Baht	(12)	–	484	–	(932)	–	–	–
Australian dollars	–	–	–	–	(90)	–	–	1,646

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the Singapore dollar against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis also includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the relevant foreign currency weakness by 5% against the functional currency, profit and loss will increase (decrease) by:

	US Dollar Impact		Euro Impact		Chinese Reminbi Impact		Thai Baht Impact	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit and loss	365 [a]	295 [a]	22	71	(1)	–	1	–
Company								
Profit and loss	1,543 [b]	65	116	116	(58)	(58)	1	1

If the relevant foreign currency strengthens by 5% against the functional currency, profit and loss will increase (decrease) by:

	US Dollar Impact		Euro Impact		Chinese Reminbi Impact		Thai Baht Impact	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit and loss	(365) [a]	(295) [a]	(22)	(71)	1	–	(1)	–
Company								
Profit and loss	(1,543) [b]	(65)	(116)	(116)	58	58	(1)	(1)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure from the movements in foreign currency balances.

(a) This is mainly attributable to the exposure outstanding on receivables and payables as at year end

(b) This is mainly attributable to the exposure to outstanding US dollar intercompany receivables at the year end.

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (iv) of this Note. The Group's policy is to maintain cash equivalents and borrowings in fixed rate instruments. The Group sometimes borrows at variable rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group and company's loss for the year ended 31 December 2007 would increase/decrease by $96,000 and $26,000 (2006 : $113,000 and $30,000) respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with recognised and creditworthy counterparties. The Group's exposure of its counterparties are continuously monitored.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. The exposure to credit risk is monitored on an on-going basis.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade receivables are disclosed in Note 7.

The Group performs ongoing credit evaluations of its customers' financial conditions and generally does not require collateral. This evaluation includes assessing and valuation of customers' credit reliability and periodic review of their financial statues to determine credit limits to be granted.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligation as at the end of the financial period in relation to each class of recognised financial assets in the carrying amount of those assets stated in the balance sheet. The Group does not have any significant concentration of credit risk.

Cash and fixed deposits are held with creditworthy financial institutions.

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents.

The directors are of the view that the Group will be able to pay its obligations as and when they fall due.

Liquidity and interest risk analyses

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and financial assets at the balance sheet date based on contractual undiscounted payments.

Financial liabilities	Average effective interest rate	On demand or within 1 year	1 to 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
Group					
2007					
Trade and other payables	–	39,586	–	–	39,586
Variable interest rate instrument	3.2 to 7.0	19,107	–	–	19,107
Finance lease liability (fixed rate)	4.3	84	42	–	126
2006					
Trade and other payables	–	60,551	–	–	60,551
Variable interest rate instruments	4.5 to 6.5	22,295	–	–	22,295
Finance lease liability (fixed rate)	4.6	17	191	–	126
Company					
2007					
Trade and other payables	–	20,394	–	–	20,394
Variable interest rate instruments	3.4 to 5.7	5,252	–	–	5,252
2006					
Trade and other payables	–	34,964	–	–	34,964
Variable interest rate instruments	3.1 to 4.7	6,016	–	–	6,016

Financial assets	Average effective interest rate	On demand or within 1 year	1 to 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
Group					
2007					
Trade and other receivable	-	39,321	-	-	39,321
Fixed interest rate instrument	2.0	9,765	-	-	9,765
2006					
Trade and other receivables	-	38,792	-	-	38,792
Fixed interest rate instruments	2.4	14,418	-	-	14,418
Company					
2007					
Trade and other receivables	-	15,158	-	-	15,158
Fixed interest rate instruments	2.0	2,186	-	-	2,186
2006					
Trade and other receivables	-	24,934	-	-	24,934
Fixed interest rate instruments	2.4	3,395	-	-	3,395

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Except as disclosed in Note 17, the management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 17, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group's risk management committee reviews the capital structure on an on-going basis and its overall strategy remains unchanged from 2006.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand.

During the year, Group entities entered into the following trading transactions with related parties:

	Group	
	2007	2006
	$'000	$'000
Nature of transactions		
Companies with common directors:		
Bond interest income	(993)	(2,001)
Information technology service expenses	–	75
Purchase of plant and equipment on behalf of the Company	–	3
Purchase of plant and equipment on behalf by the Company	–	134
Expenses paid on behalf of theCompany	241	329

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2007	2006
	$'000	$'000
Short-term benefits	1,056	1,275
Post-employment benefits	21	17
Share-based payments	119	224

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

Summary of transactions between Intermediaries and mDR Group/Company

During the year, the Group completed its investigation into the overstatement of revenue and unravelling of the Group's structure. The following are the details of the related transactions and their impact on the financial statements of the Group and the Company for the year ended December 31, 2007:

A) Advance payments for investments

1 The Group had in the financial statements for the years ended December 31, 2003 and 2004 made deposits of $2.6 million and $2.3 million for investments in intermediaries respectively. Both deposits were fully provided for in the restated financial statements for these respective years and have been written off in these financial statements.

2 In Feb 2005, the Company made an advance deposit of $7.1 million to an intermediary, Hong Kong International Finance Ltd ('HKIF') for a 25% investment in Network Management Solutions Pte Ltd ('NMS'). A provision for impairment of $4.6 million was made in the financial statements for the year ended December 31, 2005.

During the financial year ended December 31, 2006, the Company received cash amounting to $1.0 million and a 10% share in Distribution Management Solutions Pte. Ltd. ('DMS') valued at $0.9 million. The amount of advance deposit was therefore reduced to $5.2 million

As at December 31, 2006, HKIF owned 27,873,000 shares in a SGX public listed Company with an estimated market value of $1.9 million. The Company, accordingly, reversed $1.3 million from the provision for impairment after considering the market value of the quoted equity which the Company could recover from HKIF.

During the year ended December 31, 2007, HKIF sold all the quoted equity and the Company received $3.5 million from the sale. This resulted in a credit to other operating expenses of $1.6 million (Note 27). With this last transaction, the recovery of assets from HKIF has completed.

B) Other Investments

1 Convertible bonds issued by an intermediary Ventures Management Solutions Pte. Ltd. ('VMS'):

The Company had invested $20.0m in bonds issued by VMS as at December 31, 2005. VMS had invested the monies in various SGX listed companies and in a foreign listed company through its subsidiary company, NMS. Provision for impairment of $5.9 million and $8.0 million were made in the financial statements for the years ended December 31, 2005 and 2006 respectively.

VMS has since 2005, disposed off the various shares in stages and during the current year, the Company recovered $7.6 million resulting in a reversal to the profit and loss of $1.5 million (Note 14). With this last transaction, the recovery of the convertible bonds from VMS has now completed.

2 Investment of $3.2 million in Mobile CCS Holdings Pte Ltd ('MCCS'):

During the financial year ended December 31, 2004, the Group invested $3.2 million in MCCS.

Further NMS had issued a bond of $6.5 million to MCCS. NMS invested these monies in the equity shares of a listed company. NMS has since the year 2006 disposed of the equity shares in stages and paid the amounts due to MCCS.

In the current year, the Group also recovered $3.2 million from MCCS.

6 CASH AND BANK BALANCES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Cash and bank balances	6,988	11,687	1,183	2,092
Fixed deposits	2,777	2,731	1,003	1,303
	9,765	14,418	2,186	3,395
Shown as:				
Cash not pledged	9,613	14,320	2,034	3,395
Cash pledged	152	98	152	–
	9,765	14,418	2,186	3,395

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of one year or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest at an average rate of 2.01% (2006 : 2.35%) per annum and for a tenure of approximately 1 to 365 days (2006 : 1 to 184 days). Cash and bank balances are pledged with a bank by a subsidiary for a credit line in 2007 and in connection with credit facilities granted by certain banks in 2007 (Note 17).

The Group and Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	939	535	762	416
EURO	112	328	112	318

7 TRADE RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Outside parties	35,820	34,357	1,575	1,681
Subsidiaries (Note 11)	–	–	6,248	6,523
	35,820	34,357	7,824	8,204
Less allowances for doubtful trade receivables				
– outside parties	(2,636)	(2,152)	(165)	(285)
	33,184	32,205	7,659	7,919
Movement in allowances (Note a):				
At beginning of year	2,152	2,351	285	40
Charge to profit and loss	29	236	(119)	248
Transfer from restructuring cost	1,223	–	–	–
Written off during the year	(768)	(435)	(1)	(3)
At end of year	2,636	2,152	165	285

a) This allowance has been determined by reference to past default experience.

The average credit period on sales of goods is 30 days (2006 : 30 days). The Group has provided fully for all receivables over 90 days because historical experience is such that receivables that are past due beyond 90 days are generally not recoverable.

Before accepting any new customer, the Group will assess the potential customer's credit quality. Limits are monitored periodically by management. At the balance sheet date, approximately 23% (2006 : 13%) of the Group's trade receivables were due from 3 major customers who are based in Singapore.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The Company's trade receivables due from subsidiaries are interest-free and repayable on demand. The Company has not made any provision as the management is of the view that these receivables are recoverable.

The Group and Company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	6,952	5,968	3,316	398
EURO	343	971	892	887

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Accrued interest receivable	129	4,482	–	4,482
Deposits	1,703	2,069	115	167
Retention receivable on partial disposal of subsidiary	–	4,000	–	4,000
Prepayments	875	592	518	82
Recoverables	3,303	2,517	1,282	1,396
Staff advances	16	23	30	–
	6,026	13,683	1,945	10,127
Related party – deposit for purchase of investment	–	649	–	–
Associates (Note 10)	3,399	3,399	–	–
Related parties (Note 5)	2,332	4,936	1,755	1,385
Due from minority shareholders of a subsidiary	214	234	–	–
Subsidiaries (Note 11)	–	–	65,227	62,496
	11,971	22,901	68,927	74,008
Less allowances for doubtful other receivables				
– subsidiaries	–	–	(61,428)	(51,150)
– outside parties	–	(3,662)	–	(111)
	11,971	19,239	7,499	22,747
Provision for impairment	(5,834)	(12,652)	–	(5,732)
	6,137	6,587	7,499	17,015
Movement in allowance:				
At beginning of year	3,662	–	51,261	30,352
(Reversal) Charge to profit and loss	(996)	3,662	10,647	20,909
Written off during the year	(2,666)	–	(480)	–
At end of year	–	3,662	61,428	51,261
Movement in provision for impairment:				
At beginning of year	12,652	10,151	5,732	3,231
Charge to profit and loss	354	2,501	992	2,501
Written off during the year	(7,172)	–	(6,724)	–
At end of year	5,834	12,652	–	5,732

The amounts due from associates are unsecured, interest free and repayable on demand.

The Group and Company's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	617	609	12,713	488
Euro	87	–	238	113
Australian dollars	–	–	–	1,646
United Arab Emirates Dirham	–	–	–	94

9 INVENTORIES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Spare parts, accessories and consumables, carried at net realisable value after the following allowances and provision for impairment	16,678	14,190	–	–
Movement in allowances:				
At beginning of year	2,581	3,140	–	–
Charge to profit and loss	60	701	–	–
Transfer from restructuring cost	161	–	–	–
Written off during the year	(794)	(1,260)	–	–
At end of year	2,008	2,581	–	–
Movement in provision for impairment:				
At beginning of year	270	977	–	–
Written off during the year	(40)	(707)	–	–
At end of year	230	270	–	–

10 INVESTMENT IN ASSOCIATES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	9,236	9,278	6,680	6,680
Share of post-acquisition reserves	–	(28)	–	–
Provision for impairment	(9,236)	(9,236)	(6,680)	(6,680)
Net	–	14	–	–

Details of the associates are as follows:

Associates	Cost of investment		Proportion of ownership interest and voting power held		Principal activities/ Country of incorporation and operations
	2007	2006	2007	2006	
	$'000	$'000	%	%	
Held by Company:					
Tri-max Pte Ltd (1)	6,680	6,680	50	50	Investment holding/ Singapore
Held by subsidiaries:					
Bao Ding Jin Hong Jing Telecommunication & Technology Co. Ltd (2)	–	18	30	30	Repair and maintenance of mobile phone/ People's Republic of China
Ji Nan Jin Hong Jing Telecommunication & Technology Co., Ltd (2)	–	14	25	25	Repair and maintenance of mobile phone/ People's Republic of China
Qing Dao Jin Hong Jing Telecommunication & Technology Co., Ltd. (2)	–	10	14.28	14.28	Repair and maintenance of mobile phone/ People's Republic of China
Distribution Management Solutions (Hong Kong) Co. Limited (3)	2,556	2,556	50	50	Provision of logistic services/ Hong Kong
Sub-total – Subsidiaries	2,556	2,598			
Total - Group	9,236	9,278			

Notes :

(1) Audited by S.S Gan & Co., Singapore

(2) The Company had been disposed during the financial year.

(3) The associate is not audited.

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2007	2006
	$'000	$'000
Unquoted equity shares, at cost	40,114	41,107
Provision for impairment	(13,591)	(13,910)
	26,523	27,197
Movement in provision for impairment:		
At beginning of year	13,910	11,453
Charge to profit and loss	681	2,853
Written off during the year	(1,000)	(396)
At end of year	13,591	13,910

During the year, the Company carried out a review of the recoverable amounts of its investment in subsidiaries. The review led to the recognition of an impairment loss of $0.7 million mainly determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Company prepares cash flow forecast derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on estimated growth rates of 10% to 20%. These rates do not exceed the average long-term growth rate of the relevant markets.

The rates used to discount the forecast cash flows range from 6.33% to 14.75%.

The principal activities of the subsidiaries are the provisiton of after-market services except for Distribution Management Solutions Pte. Ltd., whose principal activities are the provision of distribution management solutions for mobile communication devices and high-tech consumer products, investment holding and retailing of consumer electronic products.

Details of the subsidiaries are as follows:

Subsidiaries	Cost of investment 2007 $'000	Cost of investment 2006 $'000	Proportion of ownership interest and voting power held 2007 %	Proportion of ownership interest and voting power held 2006 %	Principal activities/ Country of incorporation and operations
Accord Customer Care Solutions (Asia) Limited (3)	66	66	100	100	Hong Kong
mDRL (M) Sdn. Bhd. (4)	340	340	100	100	Malaysia
Accord Customer Care Solutions (Taiwan) Corp (1)	2,965	2,965	100	100	Taiwan
Accord Customer Care Solutions Philippines, Inc.(*) (10)	125	125	100	100	Philippines
Accord Customer Care Solutions International Limited (2)	(a)	(a)	100	100	British Virgin Islands
Accord Customer Care Solutions FZCO (12)	–	243	–	100	United Arab Emirates
Accord Customer Care Solutions (Vietnam) Limited * (10)	177	177	100	100	Vietnam
Accord Customer Care Solutions India Pvt Ltd (5)	4	4	100	100	India
Accord Customer Care Solutions (Aust) Pty Ltd (6)	6,390	6,390	100	100	Australia
After Market Solutions (CE) Pte Ltd (8)	(a)	(a)	100	100	Singapore
Broadmax Services Limited (2)	6,778	6,778	70	70	British Virgin Islands
Distribution Management Solutions Pte. Ltd. (8)	9,574	9,324	69	67	Singapore
Information Management Solutions Pte Ltd (11)	–	1,000	–	100	Singapore
PT. AccordExpress Customer Care Solutions(*) (10)	198	198	100	100	Indonesia
P.T. Accord Customer Care Solutions(*) (10)	5,997	5,997	75	75	Indonesia
mDR (S) Pte Ltd (8)	6,394	6,394	100	100	Singapore
mDR (M) Sdn. Bhd. (4)	828	828	100	100	Malaysia
mDR (HK) Limited (3)	278	278	100	100	Hong Kong
	40,114	41,107			

Subsidiaries	Proportion of ownership interest and voting power held 2007 %	2006 %	Country of incorporation and operations
Subsidiary of Broadmax Services Limited			
Ucom Technologies Pvt Ltd (5)	100	100	India
Subsidiary of After Market Solutions (CE) Pte Ltd			
After Market Solutions (CE) Sdn. Bhd. (4)	100	100	Malaysia
Subsidiaries of Accord Customer Care Solutions (Asia) Limited			
Accord Customer Care Solutions PRC Limited (*)	100	100	British Virgin Islands
Accord Customer Care Solutions (Suzhou) Co., Ltd (9)	100	100	People's Republic of China
Accord (Tianjin) Electronics Co., Ltd (9)	–	100	People's Republic of China
Shanghai ACCS Forte Science & Technology Co., Ltd (9)	51	51	People's Republic of China
Subsidiaries of Accord Customer Care Solution PRC Limited			
Beijing Jin Hong Jing Telecommunication & Technology Co., Ltd (9)	100	100	People's Republic of China
Tang Shan Jin Jie Tong Telecommunication & Technology Co., Ltd (11)	–	51	People's Republic of China
Tian Jin Shi Jin Hong Jing Telecommunication & Technology Co., Ltd (9)	100	100	People's Republic of China
Zhang Jia Kou Jin Hong Jing Telecommunication & Technology Co., Ltd (11)	–	90	People's Republic of China
Subsidiaries of Distribution Management Solutions Pte. Ltd.			
SDS Pte. Ltd. (formerly known as A-Club Mobile Pte. Ltd). (8)	69	67	Singapore
A-Mobile Pte. Ltd. (8)	69	67	Singapore
iDistribution Pte. Ltd. (8)	69	67	Singapore
Menel Pte. Ltd (8)	69	67	Singapore
Pacific Cellular International Limited (2)	62	60	British Virgin Islands
Pacific Cellular (Thailand) Limited (*)	62	60	Thailand
PC (Singapore) Pte. Ltd (8)	69	67	Singapore
Super Mobile Pte. Ltd (8)	69	67	Singapore

Subsidiaries	Proportion of ownership interest and voting power held		Country of incorporation and operations
	2007	2006	
	%	%	
Subsidiaries of Accord Customer Care Solutions (Aust) Pty Ltd			
Accord Customer Care Solutions (Network) Pty Ltd (6)	100	100	Australia
Accord Customer Care Solutions (NSW) Pty Ltd (6)	100	100	Australia
Accord Customer Care Solutions (SA) Pty Ltd (11)	–	100	Australia
Accord Customer Care Solutions (VIC) Pty Ltd (11)	–	100	Australia
Accord Customer Care Solutions (WA) Pty Ltd (11)	–	100	Australia
Accord Customer Care Solutions (QLD) Pty Ltd (11)	–	100	Australia
MS1 Pty Ltd (11)	–	100	Australia
Accord Customer Care Solutions Pty Ltd (11)	–	100	Australia
Mobile phone repair.com NZ Limited (*)	100	100	New Zealand
Accord CCS Thailand Co., Ltd (7)	100	100	Thailand

Notes on cost

(a) Less than $1,000.

Auditors of subsidiaries for 2007:

(1) Deloitte & Touche, Taiwan.

(2) Deloitte & Touche, Singapore for consolidation purposes only and no audit reports issued. Not required to be audited in country of incorporation.

(3) Mazars CPA Limited, Hong Kong.

(4) Moores Rowland, Malaysia.

(5) Vikas Bhatnagar & Co.

(6) Mazars, Australia.

(7) Amnuayporn Accounting Office Co., Ltd.

(8) Deloitte & Touche, Singapore.

(9) Moores Rowland, Singapore.

(10) These subsidiaries have commenced liquidation proceedings during the year.

(11) This subsidiary has been liquidated.

(12) This subsidiary has been disposed during the year.

* Management accounts used for consolidation purposes.

Note on subsidiary

(a) Distribution Management Solutions Pte. Ltd. ('DMS')

i) On May 16, 2006, the Company's interest in DMS was increased from 50% to 57%. By way of a sale and purchase agreement dated May 16, 2006, the Company re-acquired 7% equity interest (or 22,620,000 shares) in DMS from two sellers for a total consideration of $Nil. As per the terms of the sale and purchase agreement, the Company refunded the deposits received for sale of subsidiary. The Company has recognised a gain on re-acquisition amounting to $1,110,000 for the year. The negative goodwill of $601,000 was written off to the consolidated profit and loss statement.

ii) On December 29, 2006, the Company acquired 33,333,340 shares from a vendor as partial settlement of the advances paid of $908,000 in prior years. As a result, the Company's interest in DMS was further increased to 67%.

iii) On January 11, 2007 the Company acquired another 8,333,340 shares from a vendor through an issuance of an aggregate of 6,097,561 new ordinary shares of the Company to the vendor at $0.041 per share. This resulted in an increase of shareholdings in DMS to 69.29%.

12 ADVANCE PAYMENTS FOR INVESTMENTS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Deposits and advances for:				
Acquisition of others	–	5,220	–	5,220
Acquisition of other investments	–	4,860	–	–
	–	10,080	–	5,220
Provision for impairment	–	(8,129)	–	(3,269)
	–	1,951	–	1,951
Movement in provision for impairment:				
At beginning of year	8,129	9,428	3,269	4,568
Reversal to profit and loss	(1,606)	(1,299)	(1,606)	(1,299)
Written off during the year	(6,523)	–	(1,663)	–
At end of year	–	8,129	–	3,269

In 2006, these represent deposits and advances paid by the Company to the vendors for equity stakes in investee companies for which the sales and purchase arrangements have not been completed as at the end of the financial year.

During the year, the Company received $3.5 million from the refund of these deposits and advances. Accordingly, the Company recorded a reversal of $1.6 million of impairment loss that was previously made.

13 PLANT AND EQUIPMENT

	Computers and computer system	Plant and equipment	Motor vehicles	Furniture, fittings and renovations	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Cost:					
At January 1, 2006	2,821	16,818	1,240	9,384	30,263
Exchange differences	310	(624)	(22)	(48)	(384)
Acquisition from subsidiaries	357	435	3	547	1,342
Additions	263	326	1	468	1,058
Reclassifications	2,675	(2,624)	–	(51)	–
Disposals	(1,053)	(4,456)	(344)	(4,216)	(10,069)
At December 31, 2006	5,373	9,875	878	6,084	22,210
Exchange differences	31	178	7	39	255
Disposal of business/subsidiaries	(547)	(2,234)	(26)	(735)	(3,542)
Additions	367	102	167	437	1,073
Reclassifications	711	(626)	(32)	(53)	–
Transfer from restructuring cost	–	(1,118)	–	(297)	(1,415)
Disposals	(524)	(921)	(461)	(815)	(2,721)
At December 31, 2007	5,411	5,256	533	4,660	15,860
Accumulated depreciation:					
At January 1, 2006	2,380	7,617	597	3,184	13,778
Exchange differences	266	(446)	(14)	(112)	(306)
Acquisition from subsidiaries	50	85	1	83	219
Depreciation	1,034	1,016	182	2,829	5,061
Reclassifications	867	(876)	–	9	–
Disposals	(656)	(1,971)	(248)	(1,665)	(4,540)
At December 31, 2006	3,941	5,425	518	4,328	14,212
Exchange differences	30	74	5	6	115
Disposal of business/subsidiaries	(492)	(1,780)	(16)	(586)	(2,874)
Depreciation	885	504	115	579	2,083
Reclassifications	571	(505)	(8)	(58)	–
Transfer from restructuring cost	–	(478)	–	(76)	(554)
Disposals	(471)	(473)	(330)	(572)	(1,846)
At December 31, 2007	4,464	2,767	284	3,621	11,136
Impairment:					
At January 1, 2006	315	1,383	–	824	2,522
Impairment loss recognised during the year	–	39	–	32	71
Disposals	(308)	(951)	–	(804)	(2,063)
At December 31, 2006	7	471	–	52	530
Exchange differences	–	51	–	5	56
Impairment loss transfer from restructuring cost	3	337	–	26	366
Disposals	–	(37)	–	(32)	(69)
At December 31, 2007	10	822	–	51	883
Carrying amount:					
At December 31, 2007	937	1,667	249	988	3,841
At December 31, 2006	1,425	3,979	360	1,704	7,468

	Computers and computer system	Plant and equipment	Motor vehicles	Furniture, fittings and renovations	Total
	$'000	$'000	$'000	$'000	$'000
Company					
Cost:					
At January 1, 2006	2,830	1,081	118	1,175	5,204
Additions	16	–	–	–	16
Disposals	(526)	(871)	–	(531)	(1,928)
Reclassification	163	(167)	–	4	–
At December 31, 2006	2,483	43	118	648	3,292
Additions	22	2	–	1	25
Disposals	(7)	–	(118)	(20)	(145)
At December 31, 2007	2,498	45	–	629	3,172
Accumulated depreciation:					
At January 1, 2006	1,567	306	67	385	2,325
Depreciation	511	7	23	492	1,033
Disposals	(442)	(276)	–	(290)	(1,008)
Reclassification	30	(30)	–	–	–
At December 31, 2006	1,666	7	90	587	2,350
Depreciation	471	15	2	9	497
Disposals	(7)	–	(92)	–	(99)
At December 31, 2007	2,130	22	–	596	2,748
Impairment:					
At January 1, 2006	65	585	–	202	852
Disposals	(65)	(585)	–	(202)	(852)
At December 31, 2006 and 2007	–	–	–	–	–
Carrying amount:					
At December 31, 2007	368	23	–	33	424
At December 31, 2006	817	36	28	61	942

a) During the year, the Group carried out a review of the recoverable amount of its plant and equipment. These assets are used in the Group's after-market services segment. The review led to the recognition of an impairment loss of $366,000 (2006 : $71,000) due to expiration of a specific after-market services contract with a customer and commencement of liquidation proceedings for certain subsidiaries as there is no possibility of future usage of the related assets.

b) The carrying amounts of the Group's plant and equipment include amounts of $229,000 (2006 : 171,000) in respect of assets held under finance lease (Note 20).

14 OTHER INVESTMENTS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
At cost:				
Unquoted redeemable convertible bonds in related party (Note a)	–	20,000	–	20,000
Unquoted bonds	491	491	–	–
Unquoted equity shares (Note b)	12,300	12,300	11,500	11,500
Unquoted others	412	3,662	–	–
	13,203	36,453	11,500	31,500
Provision for impairment	(13,203)	(26,722)	(11,500)	(25,410)
	–	9,731	–	6,090
Movement in provision for impairment:				
At beginning of year	26,722	18,809	25,410	17,497
(Reversal) Charge to profit and loss	(1,151)	8,000	(1,542)	8,000
Written off during the year	(12,368)	(87)	(12,368)	(87)
At end of year	13,203	26,722	11,500	25,410

a) This represents investment in unquoted redeemable convertible bonds (the "Bonds") amounting to $20.0 million in Ventures Management Solutions Pte. Ltd. ("VMS") which is a related party of the Group as it has common directors with the Company. In January 2005, the Company paid $5.0 million to VMS to subscribe for additional bonds in VMS. The Bonds are convertible into ordinary shares of VMS, or can be swapped for ordinary shares in the direct investee companies of VMS, subject to certain conditions being met. The Bonds bear simple interest at 10% per annum and are repayable on July 6, 2007 (Note 28).

During the year, the Company liquidated its investment in the Bonds which had been included in its balance sheet as at December 31, 2006 at $6.1 million. Accordingly, the Company had recorded a reversal of $1.5 million of impairment loss that was previously made.

b) This includes investment in Mobile Communication Service Pte Ltd amounting to $11.5 million arising from the exercise of option in 2005 to exchange the Company's 20% equity interest in Allpro International Limited into 20% equity interest in Mobile Communication Service Pte Ltd. The investment had been fully impaired.

The unquoted investments are stated at cost less any impairment in net recoverable value as the management is of the view that there is no reliable measure of the fair values of these unquoted investments.

15 GOODWILL ON CONSOLIDATION

	Group	
	2007	2006
	$'000	$'000
Cost:		
At beginning of year	51,418	53,566
Arising on		
- Acquisition of subsidiaries[(a)]	–	7,333
- Acquisition of additional equity interest in subsidiary	–	664
Disposal of subsidiaries charged to profit and loss	(12,820)	(10,150)
Exchange adjustment	–	5
At end of year	38,598	51,418
Provision for impairment:		
At beginning of year	39,244	47,058
Provision charged to profit and loss statement	519	2,336
Utilised upon disposal of subsidiaries	(12,820)	(10,150)
At end of year	26,943	39,244
Carrying amount:		
At end of year	11,655	12,174
At beginning of year	12,174	6,508

a) This represents payment of deferred purchase consideration on acquisition of subsidiaries.

b) The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on estimated growth rates of 10% to 20%.

The rates used to discount the forecast cash flows range from 6.33% to 14.75%.

16 OTHER GOODWILL

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Cost:				
At beginning of year	11,387	11,446	–	–
Written off during the year	–	(60)	–	–
Exchange adjustment	–	1	–	–
At end of year	11,387	11,387	–	–
Provision for impairment:				
At beginning of year	3,313	2,213	–	–
Provision during the year	–	1,100	–	–
At end of year	3,313	3,313	–	–
Carrying amount:				
At end of year	8,074	8,074	–	–
At beginning of year	8,074	9,233	–	–

The above relates to goodwill on purchase of after-market service businesses and related assets.

The Group tests other goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on growth rate of 5% (2006: 4%).

The rate used to discount the forecast cash flows is 6.33% (2006: 7.33%).

17 BANK LOANS AND OVERDRAFTS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Bank overdrafts	7,495	8,668	1,557	1,581
Unsecured bank loans	11,612	13,627	3,695	4,435
	19,107	22,295	5,252	6,016

a) Unsecured bank loans of subsidiaries amounting to $7,913,000 (2006 : $9,192,000) are supported by corporate guarantees from the Company.

b) The average effective interest rates paid for bank overdraft and bank loans (unsecured) are from 3.23% to 6.95% (2006 : 4.53% to 6.5%) per annum respectively.

c) The Group and Company's bank loans and overdrafts are denominated in the functional currencies of the respective entities.

18 TRADE PAYABLES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Outside parties	18,558	14,507	699	892
Subsidiaries (Note 11)	–	–	620	587
Related parties (Note 5)	383	470	–	–
	18,941	14,977	1,319	1,479

The Group and Company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	3,420	3,140	282	326
Euro	365	528	51	166
Thailand Baht	6	–	932	–

The average credit period on purchases of goods is 30 days. (2006 : 30 days).

No interest is charge on the trade payables that are due and outstanding.

The Group and Company practice offsetting on its payables and receivables to the same party. Trade payables principal comprise amounts outstanding for trade purchases.

19 OTHER PAYABLES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Refundable deposit for partial sale of subsidiary	–	2,072	–	2,072
Accrued expenses	17,033	20,100	2,302	5,388
Provision for bank loans of associate	–	2,670	–	–
Provision for restructuring costs	3,364	5,948	–	–
	20,397	30,790	2,302	7,460
Subsidiaries (Note 11)	–	–	16,693	11,908
Related parties (Note 5)	248	14,784	80	14,117
	20,645	45,574	19,075	33,485

The Group and Company's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	12	148	163	133
Euro	98	67	–	–
Chinese Renminbi	94	–	5,882	5,894
Australian dollars	–	–	90	–

20 FINANCE LEASES

	Minimum lease payment		Present value of minimum lease payments	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Group				
Amounts payable under finance leases:				
Within one year	88	46	84	40
In the second to fifth year inclusive	46	187	42	168
	134	233	126	208
Less: Future finance charges	(8)	(25)	NA	NA
Present value of lease obligations	126	208	126	208
Less: Amount due from settlement within 12 months (shown under current liabilities)			(84)	(17)
Amount due for settlement after 12 months			42	191

The average lease term is 5 years. The average effective borrowing rate was 4.25% (2006 : 4.64%) per annum. Interest rates are fixed at the contract date and thus expose the Group to fair value interest risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in the functional currencies of the respective subsidiaries.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

21 DEFERRED TAX LIABILITIES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
At beginning of year	1,153	1,021	912	912
Charge to profit and loss for the year (Note 29)	26	132	–	–
At end of year	1,179	1,153	912	912

The balance comprises mainly the tax effect of the excess of tax depreciation over book depreciation of plant and equipment.

22 DEFINED CONTRIBUTION PLANS

a) The employees of the Company and its subsidiaries that are located in Singapore, India, Australia, Malaysia and Thailand are members of the state managed retirement benefit plan as governed by the respective Governments of those countries, are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

The total expense recognised in the profit and loss statement of $2,543,000 (2006 : $2,361,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2007, contributions of $779,000 (2006 : $871,000) due in respect of current financial year had not been paid over to the plans. The amounts were paid over subsequent to the balance sheet date.

b) Pursuant to the relevant regulations of the PRC government, the Group has participated in central pension schemes ("the Schemes") operated by local principal municipal governments whereby the Group is required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes. Payments to the Schemes are charged as expenses as they fall due.

The total expense recognised in the profit and loss statement of $279,000 (2006 : $280,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2006 and 2007, there were no outstanding contributions that have not been paid over to the plans.

23 SHARE CAPITAL

	Group and Company			
	2007	2006	2007	2006
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	1,539,452,227	960,970,480	89,841	24,024
Issuance of ordinary shares as purchase consideration for acquisition of subsidiaries	6,097,561	65,331,010	250	7,500
Issuance of ordinary shares pursuant to rights issue	–	513,150,737	–	19,923
Issuance of ordinary shares pursuant to a placement for settlement of consultancy services rendered	69,439,182	–	3,118	–
Issuance of ordinary shares pursuant to a placement	73,500,000	–	4,846	–
Transfer from share premium account	–	–	–	38,394
At end of year	1,688,488,970	1,539,452,227	98,055	89,841

The Company has one class of ordinary shares which carry no right to fixed income.

At the end of the financial year, pursuant to the Company's mDR Share Option Scheme 2003 as disclosed in paragraph 6 of the Report of the Directors, there were 25,085,112 (2006 : 26,755,249) unissued ordinary shares of the Company under option.

24 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the market price ("Market Price Options"). The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20%. The vesting period is 1 year for market price options and 2 years for options issued at a discount. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options holders may exercise any unexercised options within 1 month from the last date of employment after which, options are forfeited.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2007		2006	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	26,755,249	0.332	22,497,000	0.478
Reinstatement during the year	–	–	1,620,000	0.651
Adjusted during the year*	–	–	8,140,527	0.296
Lapsed/Cancelled during the year	(1,670,137)	0.475	(5,502,278)	0.495
Outstanding at the end of the year	25,085,112	0.322	26,755,249	0.332
Exercisable at the end of the year	21,947,112	0.351	20,317,249	0.399

* This represents the additional options arising from the adjustment to the existing number of options held as at June 13, 2006 pursuant to the issue of renounceable underwritten rights issue during the year.

The weighted average share price at the date of exercise for share options exercised in both years were $Nil. The options outstanding at the end of the year have a weighted average remaining contractual life of 7 years (2006 : 8 years).

The fair values of the options granted were calculated using the Black-Scholes pricing model.

As a result of the adjustment to the options pursuant to the issue of renounceable underwritten rights issue, the exercise prices of outstanding share options as at June 13, 2006 under the 2003 Scheme were revised from prices ranging from $0.1206 to $0.5063.

The Group and the Company reversed total expenses of $151,000 related to equity-settled share-based payment transactions during the year due to the cancellation of options during the year. The total expenses recognised in 2006 is was $450,000.

25 REVENUE

	Group	
	2007	2006
	$'000	$'000
After-market services income	42,818	54,167
Distribution management solutions income	245,248	214,565
	288,066	268,732

Revenue from provision of after-market services comprises retrofit services and repair management services, and sales of parts and accessories. Out warranty service income includes retrofit income.

Distribution management solutions income comprises the sale of mobile communication products and the provision of distribution management solutions for mobile communication and high-tech consumer products.

26 OTHER OPERATING INCOME

	Group	
	2007	2006
	$'000	$'000
Rental income	186	197
Interest income on:		
Bank balances	67	288
Bonds in related party (Note 14)	993	2,001
Release of negative goodwill to income on re-acquisition of Distribution Management Solutions Pte. Ltd. (Note 11)	–	601
Bad debts recovered	148	121
Waiver of debts due to intermediary companies	463	3,448
Reversal of provision for stock loss	–	318
Gain on divestment of business	788	–
Forfeiture of deposit for disposal of subsidiary	1,501	–
Others	201	417
	4,347	7,391

27 OTHER OPERATING EXPENSES

	Group	
	2007	2006
	$'000	$'000
Minimum lease payments under operating leases	7,752	9,250
Reversal of provision for other liabilities		
- other accrued operating expenses	–	(1,594)
Reversal of impairment on plant and equipment – net (Note 13)	(69)	(1,992)
Reversal of provision for impairment for advance payments for investments (Note 12)	(1,606)	(1,299)
Impairment of other receivables (Note 8)	354	2,501
Loss on disposal of plant and equipment (Note 13)	522	5,529
Impairment of goodwill on consolidation	519	2,336
Impairment of other goodwill (Note 16)	–	1,100
Other goodwill written off	–	60
(Reversal of) / Impairment of other investments (Note 14)	(1,151)	8,000
Loss on disposal of subsidiaries	239	–
Allowance for inventories (Note 9)	60	701
Allowance for doubtful trade receivables - net (Note 7)	29	236
(Reversal of) / Allowance for doubtful other receivables (Note 8)	(996)	3,662
Depreciation expenses (Note 13)	2,083	5,061
Foreign currency exchange adjustment (gain) / loss	(915)	1,147
Provision for restructuring costs (Note 19)	–	5,948
	6,821	40,646

28 FINANCE COST

	Group	
	2007	2006
	$'000	$'000
Interest on bank loans	1,157	1,655

29 INCOME TAX

	Group	
	2007	2006
	$'000	$'000
Current tax	603	74
Deferred tax (Note 21)	26	132
	629	206
Overprovision in prior years	(7)	–
	636	206

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense/(credit) for the Group varied from the amount of income tax credit determined by applying the Singapore tax rate of 18% (2006 : 20%) to profit(2006 : loss) before income tax as a result of the following:

	Group	
	2007	2006
	$'000	$'000
Tax expense/(credit) at the statutory rate	30	(6,536)
Non-deductible items	683	6,665
Others	(43)	77
	629	206
Overprovision in prior years	7	–
Net	636	206

30 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Group	
	2007	2006
	$'000	$'000
Cost of inventories recognised as an expense	244,008	219,834
Directors' remuneration:		
Directors of the Company	520	520
Directors of subsidiaries	–	15
Directors' fees	340	266
Employees benefits expenses (including directors' remuneration)	3,774	3,851
Non-audit fees:		
Paid to auditors of the Company	47	78
Paid to other auditors	729	65
Depreciation of plant and equipment	2,083	5,061

Number of directors of the Company in remuneration bands is as follows:

	2007			2006		
	Executive directors	Non-executive directors	Total	Executive directors	Non-executive directors	Total
$500,000 and above	1	–	1	1	–	1
$250,000 to $499,999	–	–	–	–	–	–
Below $250,000	–	4	4	–	4	4
	1	4	5	1	4	5

31 LOSS PER SHARE

The calculation of basic earnings per ordinary share is calculated on the Group loss attributable to equity holders of the Company of $1,417,000 (2006 : $33,041,000) divided by the weighted average number of ordinary shares of 1,610,125,914 (2006 : 1,398,842,096).

Fully diluted earnings per ordinary share is based on 1,610,125,914 (2006 : 1,398,842,096) ordinary shares assuming the full exercise of share options outstanding (where dilutive) and adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group			
	2007		2006	
	Basic	Diluted	Basic	Diluted
Net loss attributable to equity holders of the Company ($'000)	(1,417)	(1,417)	(33,041)	(33,041)
Ordinary shares				
Weighted average shares	1,610,125,914	1,610,125,914	1,398,842,096	1,398,842,096
Loss per share (cents)	(0.09)	(0.09)	(2.36)	(2.36)

There is no dilution to the weighted average number of ordinary shares used to compute earnings per share.

32 OPERATING LEASE ARRANGEMENTS

	Group	
	2007	2006
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	7,752	9,250

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2007	2006
	$'000	$'000
Within one year	4,649	5,439
In the second to fifth year inclusive	3,608	3,515
	8,257	8,954

Operating lease payments represent rentals payable by the Group for certain of its office premises and service centres. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

33 CONTINGENT LIABILITIES (UNSECURED)

a) In 2007, the Company has outstanding banker's guarantees amounting to $197,200 (2006 : $$398,600) issued in favour of financial institutions undertaken for operating lease agreements of $197,200 (2006 : $398,600).

b) The Company has outstanding corporate guarantees amounting to $56,700,000 (2006 : $56,700,000) issued in favour of financial institutions for granting credit facilities to its subsidiaries and an associate. As at December 31, 2007, the outstanding amount of the credit facilities utilised amounted to $20,902,000 (2006 : $18,948,000), which includes $2,052,700 (2006 : $2,670,000) which this subsidiary is jointly liable for credit facilities utilised by the subsidiary's 67% owned associate. As at December 31, 2007, the Group has made a provision for loss of $2,052,700 (2006 : $2,670,000) on the bank loan of the associate. The financial effects of the Amendments to FRS 39 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognized.

The Directors do not expect material losses under these guarantees.

c) Certain subsidiaries have several outstanding banker's guarantees amounting to $5,000,000 (2006 : $5,000,000) issued in favour of equipment principals, entered in the normal course of business and under supply agreements.

34 SEGMENT INFORMATION

For management purposes, the Group is organised on a world-wide basis into three major operating divisions – South Asia, North Asia and South Pacific. The divisions are the basis on which the Group reports its primary segment information.

The dominant source and nature of the Group's risk and returns are based on the geographical areas where its service centers are located. Therefore, the primary segment is geographical segments by location of our service centers.

South Asia comprises Indonesia, Thailand, Malaysia, India and Singapore.

North Asia comprises People's Republic of China, Hong Kong SAR and Taiwan.

South Pacific comprises Australia and New Zealand.

Primary segment information for the Group based on geographical segments for the year ended December 31, 2007 are as follows:

By Geographical Operations

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and plant and equipment, net of allowances and provisions. Capital expenditure includes the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost. These transfers are eliminated on consolidation.

	South Asia	North Asia	South Pacific	Consolidated
	$'000	$'000	$'000	$'000
December 31, 2007				
REVENUE				
External sales	273,174	6,297	8,595	288,066
RESULTS				
Segment result	1,515	(950)	758	1,323
Finance costs				(1,157)
Profit before income tax				166
Income tax expense				(636)
Profit before minority interest				(470)
ASSETS				
Segment assets	67,383	2,420	(198)	69,605
Unallocated corporate assets				19,729
Consolidated total assets				89,334
LIABILITIES				
Segment liabilities	36,319	1,450	1,817	39,586
Bank loans and overdrafts				19,107
Income tax payable				1,460
Unallocated corporate liabilities				1,305
Consolidated total liabilities				61,458
OTHER INFORMATION				
Capital expenditure	1,047	26	–	1,073
Depreciation expense	1,603	211	269	2,083

	South Asia	North Asia	South Pacific	Consolidated
	$'000	$'000	$'000	$'000
December 31, 2006				
REVENUE				
External sales	238,061	7,301	23,370	268,732
RESULTS				
Segment result	(21,096)	(2,272)	(7,657)	(31,025)
Finance costs				(1,655)
Profit before income tax				(32,680)
Income tax expense				(206)
Profit before minority interest				(32,886)
ASSETS				
Segment assets	74,031	4,589	7,944	86,564
Unallocated corporate assets				20,248
Consolidated total assets				106,812
LIABILITIES				
Segment liabilities	50,460	3,835	6,256	60,551
Bank loans and overdrafts				22,295
Income tax payable				1,166
Unallocated corporate liabilities				1,361
Consolidated total liabilities				85,373
OTHER INFORMATION				
Capital expenditure	761	122	175	1,058
Depreciation expense	3,195	557	1,309	5,061

By Business Segment

The Group operates in two business segments - after-market services ("AMS") and distribution management solutions ("DMS") (Note 25).

Segment revenue: Segment revenue is the operating revenue reported in the Group's profit and loss statement that is directly attributable to a segment and the relevant portion of such revenue that can be allocated on a reasonable basis to a segment.

Segment assets and capital expenditure: Segment assets and capital expenditure are analysed based on those assets used by a segment. Capital expenditure includes the total cost incurred to plant and equipment, and any intangible assets.

	Revenue		Assets		Capital expenditure	
	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000
AMS	42,818	54,167	34,533	62,253	275	768
DMS	245,248	214,565	54,801	44,559	798	290
Total	288,066	268,732	89,334	106,812	1,073	1,058

35 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

(a) On January 7, 2008, the Company increased its shareholdings in a subsidiary, Distribution Management Solutions Pte. Ltd. ('DMS') by 7.08% to bring the effective shareholding to 76.37% via a capitalisation of a debt due to DMS. SGX-ST has approved in-principle the listing and quotation of the shares on SGX-ST subject to the Company making a SGX-ST announcement providing the information required in Rule 101 of the Listing Manual, on the basis that all transactions relating to the Company's acquisition of DMS shares in the last 12 months are aggregated and considered as a single transaction.

(b) On January 30, 2008, the Company received approval for the issue of an aggregate amount of 1.5% equity linked redeemable non-recallable structured convertible notes ("Notes") that are due in 2010. From the issue, the Company will receive proceeds in three tranches of principle amounts of $12.0 million, $10.0 million and $10.0 million respectively. On February 18, 2008, the subscriber to the Notes exercised to convert the aggregate principal amount of $500,000 in respect to the first sub-tranche of Tranche 1 Notes, at the Floating Conversion Price of $0.0378.

(c) On January 28, 2008, the Company announced a proposed acquisition in 51% of shareholdings of Em@gination (Singapore) Pte Ltd with the issuance of 30,388,021 new ordinary shares at an issue price of $0.04278 each new ordinary shares. SGX-ST has approved in-principle the listing and quotation of the Consideration Shares for the Notes Issues subject to the Company's compliance with the Exchange's listing rules and a valid share issue mandate being available and sufficient for the issue of the Consideration Shares.

(d) On February 25, 2008, the Group announced that entered into a three years debt restructuring agreement with three lenders for a conversion debt of $12.0 million. Under the agreement, a conversion debt of $12.0 million shall be repaid and discharged by way of conversion into 3.75% Class A convertible bonds due in 2010. The contingent debt which becomes due and payable on or before June 28, 2010 shall be repaid and discharged by way of conversion into 3.75% Class B Bonds which will be repayable on June 30, 2010. On March 24, 2008, SGX-ST approved in-principle for the listing and quotation of the Convertible Bonds subject to shareholders' approval being obtained in the forthcoming Extraordinary General Meeting for the issue of the Convertible Bonds and the submission of an undertaking from the Company to comply with certain requirements.

Statistics of Shareholdings
As at 31 March 2008

Issued and Paid Up Capital	:	S$97,914,561.47
Class of Shares	:	Ordinary
Voting Rights	:	One Vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	(%)	No. of Shares	(%)
Below 1,000	129	1.40	50,380	0.00
1,000 to 10,000	2,008	21.75	13,396,133	0.79
10,001 to 1,000,000	6,975	75.54	693,817,950	40.77
Above 1,000,000	121	1.31	994,452,020	58.44
Total	9,233	100.00	1,701,716,483	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	(%)
1	TAN HOR THYE	201,092,337	11.82
2	POH TIAN PENG	118,529,959	6.97
3	PLE INVESTMENTS PTE LTD	89,172,338	5.24
4	DBS NOMINEES PTE LTD	48,829,850	2.87
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	45,599,610	2.68
6	OCBC SECURITIES PTE LTD	30,632,750	1.80
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	30,434,000	1.79
8	M-COMMERCE VENTURES PTE LTD	23,912,675	1.41
9	TAN NG KUANG	23,146,394	1.36
10	NG SWEE HUA	20,500,000	1.20
11	KIM ENG SECURITIES PTE. LTD.	18,088,500	1.06
12	CIMB-GK SECURITIES PTE. LTD.	17,660,763	1.04
13	PHILLIP SECURITIES PTE LTD	15,593,925	0.09
14	CITIBANK NOMINEES SINGAPORE PTE LTD	15,073,858	0.09
15	OCBC NOMINEES SINGAPORE PTE LTD	13,178,000	0.08
16	UOB KAY HIAN PTE LTD	12,874,500	0.08
17	TAN CHIP SIN	12,489,000	0.07
18	CHONG SHIN LEONG	12,000,000	0.07
19	GOH KAI KUI	7,485,000	0.04
20	LOW KAY HOCK	6,366,000	0.04
	Total	762,659,459	44.82

Substantial Shareholders

As recorded in the Register of Substantial Shareholders as of 19 March 2008

Name	Direct Interest	(%)	Deemed Interest	(%)
Economic Development Board	-	-	113,085,013 (1)	6.65
EDB Investments Pte Ltd	-	-	113,085,013 (2)	6.65
EDBV Management Pte Ltd	-	-	113,085,013 (3)	6.65
Fullerton Fund Investments Pte Ltd	-	-	89,172,338 (4)	5.24
PLE Investments Pte Ltd	89,172,338	5.24	-	-
Poh Tian Peng	137,924,959(7)	8.11	3,386,070 (5)	0.20
Seletar Fund Investments Pte Ltd	-	-	89,172,338 (6)	5.24
Tan Hor Thye	201,092,337	11.82	3,386,070 (5)	0.20
Temasek Holdings (Private) Limited	-	-	89,172,338 (4)	5.24

Notes:

(1) Deemed to be interested in the shares of the Company through its wholly-owned subsidiary, EDB Investmens Pte Ltd ("EDBI").

(2) EDBI is deemed to be interested in the shares of the Company through:- (i) PLE Investments Pte Ltd ("PLE"), which is 58% owned by EDB Investments Pte Ltd; and (ii) M-Commerce Ventures Pte Ltd ("MCV"), which is 52% owned by EDBI.

(3) Deemed to be interested in the shares of the Company through PLE and MCV, as EDBV Management Pte Ltd is the discretionary fund manager of PLE and MCV.

(4) Deemed to be a substantial shareholder of the Company through Seletar Fund Investments Pte Ltd ("Seletar"). Seletar is a wholly-owned subsidiary of Fullerton Fund Investments Pte Ltd, which in turn is a wholly owned subsidiary of Temasek Holdings (Private) Limited.

(5) Deemed to be interested in the 3,386,070 ordinary shares held by Accord Holdings Pte. Ltd. in the Company.

(6) Deemed to be interested in the shares of the Company as Seletar has a 20% shareholding in PLE.

(7) Including 19,395,000 ordinary shares registered with DBS Nominees Pte Ltd.

Percentage of Shareholdings in Public Hands

We confirm that approximately 74.8% of the Company's entire share capital is in the hands of public shareholders as at 19 March 2008. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

mDR LIMITED
(Company Registration No. 200009059G)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of mDR Limited (the "Company") will be held at The Chevrons, 48 Boon Lay Way, Singapore 60996 (Contact number: 6668 8888) on 25 April 2008 at 2.30 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2007 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors, retiring pursuant to Article 91 of the Company's Articles of Association.

   (i) Mr. Philip Eng **(Resolution 2)**

   (ii) Mr. Chan Soo Sen (**Resolution 3)**

   Mr. Philip Eng will, upon re-election as Director of the Company, remains as Chairman of the Board of Directors a member of the Audit Committee, Nominating Committee and Remuneration Committee, and will be considered independent.

   Mr. Chan Soo Sen will, upon re-election as Director of the Company, remains as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent.

3. To approve the payment of Directors' fees of S$320,000 for FY2007 (FY2006: S$296,000). **(Resolution 4)**

4. To re-appoint Deloitte and Touche as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors be authorised and empowered to:

   6(i) allot and issue shares in the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

   6(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be allotted and issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

6(iii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) allot and issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided always that:-

(a) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (a) above, the percentage of issued shares and Instruments shall be based on the number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(I) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(II) new shares arising from the exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(III) any subsequent consolidation or subdivision of shares.

6(iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

6(v) unless revoked or varied by the Company in a general meeting, such authority shall continue in force:-

(a) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; or

(b) in the case of Shares to be allotted and issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the allotment and issuance of such shares in accordance with the terms of the Instruments.

(Resolution 6)

mDR LIMITED
(Company Registration No. 200009059G)
(Incorporated in Singapore with limited liability)

7. **Authority to allot and issue shares under the mDR Share Option Scheme 2003**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to offer and grant options under the mDR Share Option Scheme 2003 ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note (2) found in the Proxy Form) **(Resolution 7)**

By Order of the Board

Huang Wenjian Eugene
Company Secretary

11 April 2008

mDR Limited

[Company Registration No. 200009059G]
(Incorporated in the Republic of Singapore with limited liability)

IMPORTANT:

1. For investors who have used their CPF monies to buy mDR Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We ____

of ____

being a member/members of mDR Limited (the "Company"), hereby appoint:

Name	**NRIC/ Passport No.**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address			

*and/or

Name	**NRIC/ Passport No.**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 25 April 2007 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2007		
2	Re-election of Mr. Philip Eng as a Director		
3	Re-election of Mr. Chan Soo Sen as a Director		
4	Approval of Directors' fees amounting to S$320,000		
5	Re-appointment of Deloitte & Touche as Auditors		
6	Authority to allot and issue new shares		
7	Authority to allot and issue shares under the mDR Share Option Scheme 2003		

Dated this _____ day of April 2008

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)
or, Common Seal of Corporate Shareholder

** Delete where inapplicable*

IMPORTANT. Please read notes overleaf

Notes :-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 20 Toh Guan Road #07-00 CJ GLS Building Singapore 608839 (Attn: Huang Wenjian Eugene, Company Secretary) not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

First Fold

General:-

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Explanatory Notes:

(i) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the issued shares in the capital of the Company from time to time.

Second Fold

mDR Limited

Affix
Postage
Stamp

Huang Wenjian Eugene
Company Secretary
mDR Limited
20 Toh Guan Road
#07-00 CJ GLS Building
Singapore 608839

Third Fold

corporate information

Board of Directors

Philip Eng Heng Nee
Independent Non-Executive Chairman

Tong Choo Cherng
Executive Director/Chief Executive Officer

Chan Soo Sen
Independent Non-Executive Director

Mah Kah On
Independent Non-Executive Director

Tham Khai Wor
Independent Non-Executive Director

Audit Committee

Mah Kah On
Chairman

Philip Eng Heng Nee
Chan Soo Sen
Tham Khai Wor

Remuneration Committee

Tham Khai Wor
Chairman

Philip Eng Heng Nee
Chan Soo Sen
Mah Kah On

Nomination Committee

Chan Soo Sen
Chairman

Philip Eng Heng Nee
Mah Kah On
Tham Khai Wor

Registered Office

20 Toh Guan Road
#07-00 CJ GLS Building
Singapore 608839
Tel : (65) 6410 2600
Fax : (65) 6410 2610
Website : www.m-dr.com

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483
Person-in-charge: David Woo

Auditors

Deloitte & Touche
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 608839
Partner-in-charge: Cheung Pui Yuen
(Audit engagement partner since FY2005)

Company Secretary

Huang Wenjian Eugene
LL.B (Hons)

DMS Group Retail Network

M1 Exclusive Retailers

Causeway Point S. C.
#03-24/25/26 Woodlands Central
Tel: 6877 2268
Century Square S. C.
#04-07/08 Tampines Central
Tel: 6789 2218
Funan DigitaLife Mall
Level 1, Kiosk K8
Tel: 6334 9083

Junction 8 S. C.
#02-30 Bishan Central
Tel: 6254 0800
Lot 1 Shoppers' Mall
#B1-18 Choa Chu Kang Central
Tel: 6767 2268

SingTel Exclusive Retailers

Hougang Mall
90 Hougang Ave 10 #04-17
Tel: 6285 6301
Jurong Point S. C.
1 Jurong Central 2 #02-21
Tel: 6794 1335
Parkway Parade
80 Marine Parade Road #B1-31/32
Tel: 6345 1033

Suntec City Mall
3 Temasek Boulevard #02-056
Tel: 6333 1579
Wisma Atria
435 Orchard Road #03-30
Tel: 6738 0618

Main Branch (Suntec City Mall)
#02-054
Tel: 6333 6222
Ang Mo Kio Central
Blk 726 #01-4162
Tel: 6458 7259
Bedok Central
Blk 211 #01-747
Tel: 6245 2268
Century Square S. C.
#04-14A
Tel: 6784 8079
Clementi Central
Blk 449 #01-263
Tel: 6779 2122
Eastpoint Mall
#03-11
Tel: 6781 8061
Great World City
#02-36
Tel: 6235 2665
Holland Village Mall
#02-09 Holland Village Shopping Mall
Tel: 6466 3716
Hougang Point Festival Market
#01-051, Hougang St. 91
Tel: 6384 2088
Jurong Point
#03-15
Tel: 6792 2228

Jurong West
Blk 638 ST 61 #01-04B
Tel: 6794 2822
Queensway S. C.
#02-44
Tel: 6472 5519
Taman Jurong S. C.
Blk 399 Yung Sheng Rd #01-47
Tel: 6264 8348
The Cathay
2 Handy Road #01-10
Tel: 6737 8588
Toa Payoh
Blk 185 #01-342
Tel: 6253 6638
Toa Payoh Central
Blk 178 #01-232
Tel: 6253 4580
Toa Payoh HDB Hub
Blk 190 #01-548
Tel:6358 2268
VivoCity
1 Harbourfront Walk #02-26
Tel: 6376 8026
White Sand S.C.
#03-22
Tel: 6585 2388
Yishun Chong Pang City
Blk 101 Yishun Ave 5 #01-89
Tel: 6257 0318

Orchard Road
Plaza Singapura #B2-23
Singapore 238839
Tel: 6884 8592

Best Denki outlets:

Century Square	Tel: 6787 3313
Compass Point	Tel: 6312 5662
Great World City	Tel: 6737 3363
IMM	Tel: 6567 3313
Junction 8	Tel: 6353 3033
Ngee Ann City	Tel: 6732 3319
Parkway Parade	Tel: 6344 9022
Plaza Singapura	Tel: 6835 7533
VivoCity	Tel: 6376 9621

Courts outlets:

Ang Mo Kio	Tel: 6453 3773
Bukit Timah	Tel: 6468 1355
Causeway Point	Tel: 6894 2030
Funan	Tel: 6338 6533
Jurong Point	Tel: 6793 5676
Megastore	Tel: 6309 7888
Tampines Mall	Tel: 6788 8027
Toa Payoh	Tel: 6397 2330
Vivo City	Tel: 6276 5363

Ang Mo Kio
Blk 726 Ang Mo Kio Ave 6 #01-4162
Tel: 6554 1493
Ang Mo Kio Hub
Ave 3 #01-17/18
Tel: 6753 3822
Bedok Central
Blk 211 New Upp. Changi Rd #01-747
Tel: 6448 5892
Bedok North
Blk 214 Bedok North St 1 #01-169
Tel: 6448 7310
Bedok South
Blk 18 #01-77
Tel: 6244 3808
Boon Lay S. C.
Blk 221 Boon Lay Place #01-116
Tel: 6265 6020
Century Square
2 Tampines Central 5 #05-22
Tel: 6787 3403
Clementi Central
Blk 449 Clementi Ave 3 #01-263
Tel: 6873 2511
Compass Point S. C.
1 SengKang Square #02-32
Tel: 6489 0761
Funan DigitaLife Mall
109 North Bridge Road #01-11
Tel: 6339 4340
Hougang Green
21 Hougang Green Shopping Mall
St 51 #01-27
Tel: 6387 8255
IMM Building
2 Jurong East #L2-16
Tel: 6562 6388
Junction 8 S. C.
9 Bishan Place #02-32
Tel: 6352 9530
Jurong East
Blk 132 Jurong East St 13
#01-283
Tel: 6569 6118
Jurong Point S.C.
1 Jurong West Central 2
#03-25A
Tel: 6795 1961
Jurong West
Blk 495 Jurong West St 41 #01-86
Tel: 6565 5569
Jurong West
Blk 501 Jurong West St 51 #01-271
Tel: 6567 5165

Pearl Centre
#01-K3
Tel: 6324 0811
Peninsula Plaza
111 North Bridge Road #01-25
Tel: 6334 0178
Sim Lim Square
1 Rochor Canal #01-64/S6
Tel: 6337 1322
Snap n Talk
80 Marine Parade Road
Parkway Parade #B1-153
Tel: 6348 7533
Tampines
Blk 503 Tampines Central 1 #01-291
Tel: 6260 1033
Tampines Mart
No.11 Tampines Mart, St 32 #01-02A
Tel: 6781 8355
TANGS Orchard (Technobay)
310/320 Orchard Road Level 3
Tel: 6733 7533
Thomson Plaza
#01-77
Tel: 6452 4882
Toa Payoh
Blk 186 Toa Payoh Central #01-426
Tel: 6258 1959
VivoCity
1 Harbourfront Walk #02-08
Tel: 6376 8102
West Coast
Blk 727 Clementi West St 2 #01-240
Tel: 6773 5335
Yishun
Blk 293 St 22 #01-251
Tel: 6754 7594

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