



**mDR Limited**

**Full Year Financial Statement for the Year Ended 31 December 2008**

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

In S\$'000	Notes	Q4-08	Q4-07	YTD 31-Dec-08	YTD 31-Dec-07	Q4 Inc/(Dec)	YTD Inc/(Dec)
<b>Revenue</b>	<b>1(a)(i)</b>	56,562	82,240	267,503	288,066	-31%	-7%
<b>Cost of sales</b>	<b>1(a)(i)</b>	<u>(47,872)</u>	<u>(72,088)</u>	<u>(233,921)</u>	<u>(244,008)</u>	34%	4%
<b>Gross profit</b>	<b>1(a)(i)</b>	8,690	10,152	33,582	44,058	-14%	-24%
Other operating income	<b>1(a)(ii)</b>	168	2,019	1,730	4,347	-92%	-60%
Administrative expenses	<b>1(a)(iii)</b>	(6,478)	(8,528)	(30,545)	(40,261)	24%	24%
Other operating expenses	<b>1(a)(iv)</b>	(23,694)	(2,633)	(29,163)	(6,821)	-800%	-328%
Finance cost	<b>1(a)(v)</b>	<u>(258)</u>	<u>(286)</u>	<u>(1,212)</u>	<u>(1,157)</u>	10%	-5%
<b>Net expenses</b>		(30,262)	(9,428)	(59,190)	(43,892)	-221%	-35%
<b>Profit / (Loss) before income tax</b>		(21,572)	724	(25,608)	166	-3,080%	-15,527%
Income tax expense	<b>1(a)(vi)</b>	<u>807</u>	<u>(69)</u>	<u>1,207</u>	<u>(636)</u>	1,270%	290%
<b>Profit / (Loss) for the period</b>		<u>(20,765)</u>	<u>655</u>	<u>(24,401)</u>	<u>(470)</u>	-3,270%	-5,092%
<b><u>Attributable to:</u></b>							
Equity holders of the parent company		(19,545)	245	(23,036)	(1,417)	-8,078%	-1,526%
Minority interests		(1,220)	410	(1,365)	947	-398%	-244%
<b>Profit / (Loss) attributable to shareholders</b>		<u>(20,765)</u>	<u>655</u>	<u>(24,401)</u>	<u>(470)</u>	-3,270%	-5,092%

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

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

In S\$'000	Q4-08	Q4-07	YTD 31-Dec-08	YTD 31-Dec-07
<b><u>Revenue</u></b>				
AMS	8,214	5,861	32,658	42,818
DMS	48,348	76,379	234,845	245,248
	<u>56,562</u>	<u>82,240</u>	<u>267,503</u>	<u>288,066</u>
<b><u>Cost of Goods Sold and Spare Parts</u></b>				
AMS	(3,357)	(1,206)	(14,798)	(18,288)
DMS	(44,515)	(70,882)	(219,123)	(225,720)
	<u>(47,872)</u>	<u>(72,088)</u>	<u>(233,921)</u>	<u>(244,008)</u>
<b><u>Gross Profit</u></b>				
AMS	4,857	4,655	17,860	24,530
DMS	3,833	5,497	15,722	19,528
	<u>8,690</u>	<u>10,152</u>	<u>33,582</u>	<u>44,058</u>

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

In S\$'000	Q4-08	Q4-07	YTD 31-Dec-08	YTD 31-Dec-07
Interest income				
- Bonds	-	-	-	993
- Others	6	25	48	67
Rental income	45	40	158	186
Bad debt recovered	-	145	31	148
Write back of accounts payable	-	-	45	-
Write back of debts due to liquidation of subsidiary	307	-	340	-
Reversal of provision for salary and leave encashment	-	-	38	-
Gain on reversal of obsolete stock	133	-	133	-
Refund of GST from Inland Revenue Authority of Singapore	-	-	682	-
Reversal of negative goodwill released to income	(63)	-	-	-
Waiver of debts due to intermediary	-	463	-	463
Gain on divestment of business	-	(147)	-	788
Refundable deposit for disposal of subsidiary	-	1,501	-	1,501
Waiver of debts	-	-	-	150
Reversal of early termination fee released to income	(484)	-	-	-
Refund of overcharged office rental	140	-	140	-
Others	84	(8)	115	51
	<u>168</u>	<u>2,019</u>	<u>1,730</u>	<u>4,347</u>

## 1(a)(iii) Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q4-08	Q4-07	YTD 31-Dec-08	YTD 31-Dec-07
<b><u>Staff Cost</u></b>				
AMS	3,269	4,132	15,658	22,489
DMS	996	2,105	7,072	7,782
Share-based payment	314	(151)	314	(151)
	<u>4,579</u>	<u>6,086</u>	<u>23,044</u>	<u>30,120</u>

The lower administrative expense for Q4-08 is mainly due to the decrease in staff cost which is in line with the cessation of certain AMS business operations.

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

In S\$'000	Q4-08	Q4-07	YTD 31-Dec-08	YTD 31-Dec-07
Minimum lease payments under operating lease	1,636	1,951	6,933	7,752
Depreciation expenses	347	457	1,510	2,083
Reversal of impairment on fixed assets	-	-	-	(69)
Loss on disposal of subsidiaries	-	239	751	239
Loss on disposal of fixed assets	271	512	314	522
Impairment of goodwill on consolidation	14,142	500	14,142	519
Impairment of other receivables	-	-	-	993
Write off of debts due to liquidation of subsidiaries	-	-	219	-
Provision / (Reversal) for doubtful trade receivables	(92)	73	(498)	29
Provision / (Reversal) of allowance for doubtful other receivables	1,000	(1,637)	(799)	(1,634)
Provision / (Reversal) of allowance for inventories	394	68	533	60
Loss / (Gain) on foreign exchange	1,805	81	3,867	(916)
Reversal of provision for restructuring cost (Note I)	-	-	(2,000)	-
(Reversal) of provision for advance payments for investments	-	-	-	(1,606)
Impairment for other investments	-	389	-	(1,151)
Fair value adjustments for convertible bonds / notes	4,195	-	4,195	-
Others	(4)	-	(4)	-
	<u>23,694</u>	<u>2,633</u>	<u>29,163</u>	<u>6,821</u>

Note I : This represents reversal of provision for restructuring costs which are no longer required following the closure of the AMS entities.

**1(a)(v) Finance cost**

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

**1(a)(vi) Income tax expense**

The tax expense provision is calculated for profitable subsidiaries using the tax rates applicable in the jurisdictions where the companies in the Group operate.

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

In S\$'000	Notes	Group 31-Dec-08	Group 31-Dec-07	Company 31-Dec-08	Company 31-Dec-07
<b>ASSETS</b>					
<b>Current assets</b>					
Cash		7,662	9,613	342	2,034
Cash pledged		1,816	152	101	152
Trade receivables	<b>A</b>	28,540	33,184	6,896	7,659
Other receivables and prepayments	<b>B</b>	5,631	6,137	11,937	7,499
Inventories	<b>C</b>	8,557	16,678	306	-
		<u>52,206</u>	<u>65,764</u>	<u>19,582</u>	<u>17,344</u>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	15,483	26,523
Plant and equipment		3,637	3,841	415	424
Goodwill on consolidation		3,087	11,655	-	-
Other goodwill		2,500	8,074	-	-
		<u>9,224</u>	<u>23,570</u>	<u>15,898</u>	<u>26,947</u>
<b>Total assets</b>		<u><b>61,430</b></u>	<u><b>89,334</b></u>	<u><b>35,480</b></u>	<u><b>44,291</b></u>
<b>Current liabilities</b>					
Bank loans		-	11,612	-	3,695
Bank overdraft		8,893	7,495	2,215	1,557
Trade payables	<b>D</b>	15,270	18,941	660	1,319
Other payables	<b>E</b>	10,319	20,645	10,274	19,075
Income tax payable		692	1,460	-	-
Obligations under finance leases		14	84	-	-
Convertible notes / bonds	<b>F</b>	12,850	-	12,850	-
Fair value adjustment of convertible loan notes	<b>G</b>	3,866	-	3,866	-
		<u>51,904</u>	<u>60,237</u>	<u>29,865</u>	<u>25,646</u>
<b>Non-current liabilities</b>					
Obligations under finance leases		-	42	-	-
Deferred tax		214	1,179	-	912
		<u>214</u>	<u>1,221</u>	<u>-</u>	<u>912</u>
<b>Equity</b>					
Issued capital	<b>1(d)(i)</b>	99,894	98,055	99,894	98,055
Capital redemption reserve		22	22	22	22
Share options reserve		2,162	3,015	2,162	3,015
Foreign currency translation reserve		4,288	789	-	-
Revenue reserve		(99,655)	(77,786)	(96,463)	(83,359)
<b>Equity attributable to equity holders of the parent company</b>		<u>6,711</u>	<u>24,095</u>	<u>5,615</u>	<u>17,733</u>
Minority interests		2,601	3,781	-	-
		<u>9,312</u>	<u>27,876</u>	<u>5,615</u>	<u>17,733</u>
<b>Total equity and liabilities</b>		<u><b>61,430</b></u>	<u><b>89,334</b></u>	<u><b>35,480</b></u>	<u><b>44,291</b></u>

**(A) Trade receivables**

The trade receivables turnover days is 39 as at 31 December 2008 (31 December 2007 : 42 days).

**(B) Other receivables and prepayments**

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

S\$'000	Group	
	<u>31-Dec-08</u>	<u>31-Dec-07</u>
Related parties	966	-
Recoverables	1,344	3,302
Deposits	2,011	1,703
Prepayments	858	875
Accrued interest receivables	<u>16</u>	<u>129</u>

**(C) Inventories**

The inventory turnover is 13 days for the quarter ended 31 December 2008 (31 December 2007 : 25 days).

**(D) Trade payables**

Trade payables turnover days is 24 as at 31 December 2008 (31 December 2007 : 29 days).

**(E) Other payables**

The major components of other payables are tabulated below :

S\$'000	Group	
	<u>31-Dec-08</u>	<u>31-Dec-07</u>
Amount owing to related parties	255	248
Other payables to third parties	1,988	2,008
Accrued staff related expenses	1,429	2,590
Accrued operating expenses	5,931	10,338
Accrued restructuring costs	658	3,364
Loan payable to bank by associate company	<u>-</u>	<u>2,075</u>

**(F) i) Convertible notes**

On 10 January 2008, approval was obtained from shareholders at the Company's extraordinary general meeting to approve the issue of up to \$32.0 million redeemable non-recallable structured convertible notes. On 30 January 2008, the Company issued convertible notes of \$3.0 million, of which \$2.15 million was subsequently converted into ordinary shares as at 31 December 2008.

**ii) Convertible bonds**

On 25 April 2008, approval was obtained from shareholders at the Company's extraordinary general meeting to approve the issue of \$12.0 million convertible bonds. On 12 June 2008, the Company issued convertible bonds of \$12.0 million as repayment and discharge of \$12.0 million of the principal indebtedness of the Company and its subsidiaries to the Lenders.

**(G) Fair value adjustment of convertible loan notes**

Under FRS 39, the Company has accounted for the liability and the derivative based on fair value through profit or loss and therefore, the difference in the fair value of the notes / bonds and derivative have not been recorded separately. Changes in the fair value of the convertible notes / bonds at fair value through profit or loss have been included in the profit or loss for the year.

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

### Amount repayable in one year or less, or on demand

As at 31 December 2008		As at 31 December 2007	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
14	20,893	11	19,107

#### Note :

The unsecured borrowings of \$20.89 million comprises of :-

- a) \$8.89 million bank overdraft facilities and
- b) \$12.0 million convertible bonds (*pls refer to 1 (d) (ii) (ii), page 11*)

### Amount repayable after one year

As at 31 December 2008		As at 31 December 2007	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	115	-

### Details of collateral

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

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

In S\$'000	Q4-08	Q4-07	YTD 31-Dec-08	YTD 31-Dec-07
<b>Operating activities</b>				
<b>Profit / (Loss) before income tax</b>	<b>(21,573)</b>	<b>723</b>	<b>(25,608)</b>	<b>166</b>
Adjustments for				
Depreciation expense	347	457	1,510	2,083
Interest expense	258	286	1,212	1,157
Interest income	(6)	(25)	(48)	(1,060)
Loss on disposal of plant and equipment	271	512	314	522
Loss / (Gain) on disposal of advance payment for investments	-	2	-	(1,606)
Reversal of impairment on plant and equipment	-	-	-	(69)
Reversal of provision for restructuring cost	-	-	(2,000)	-
Loss / (Gain) on sales of business	-	147	-	(788)
Loss on disposal of subsidiary	-	239	345	239
Share option expenses	314	(151)	314	(151)
(Reversal) of impairment of other investments	-	389	-	(1,151)
Provision of allowance for inventories	312	68	451	60
Waiver of refundable deposit for partial sale of subsidiary	-	(1,501)	-	(1,501)
Provision of allowance for doubtful other receivables	1,000	-	(799)	-
(Reversal) / Provision of allowance for doubtful trade receivables	(93)	73	(499)	29
(Write-back) of non-trade debts	(1,025)	-	(183)	-
Write-off / (Write-back) of trade bad debts	718	(645)	16	(642)
Minority Interest of non-wholly owned subsidiary disposed	-	-	(207)	-
Reversal of negative goodwill released to income	63	-	-	-
Fair value losses on convertible bonds / notes at fair value through profit or loss	4,195	-	4,195	-
Impairment of goodwill	14,142	500	14,142	519
<b>Operating cash flows before movements in working capital</b>	<b>(1,077)</b>	<b>1,074</b>	<b>(6,845)</b>	<b>(2,193)</b>
Trade receivables	2,522	(4,373)	4,765	(2,072)
Other receivables and prepaid expenses	1,823	1,716	1,344	880
Inventories	7,107	(3,793)	7,484	(2,787)
Trade payables	(8,241)	6,317	(3,370)	4,615
Other payables	788	(18,272)	(8,042)	(22,475)
<b>Cash used in operations</b>	<b>2,922</b>	<b>(17,331)</b>	<b>(4,664)</b>	<b>(24,032)</b>
Interest received	6	25	48	1,060
Income tax paid	(43)	(26)	(526)	(316)
<b>Net cash used in operating activities</b>	<b>2,885</b>	<b>(17,332)</b>	<b>(5,142)</b>	<b>(23,288)</b>
<b>Investing activities</b>				
Purchase of plant and equipment	(805)	(645)	(2,564)	(1,073)
Proceeds from sale of business	-	-	-	1,743
Proceeds from disposal of subsidiary	-	120	-	120
Proceeds from disposal of plant and equipment	230	143	707	284
Proceeds from disposal of interest in other investment	-	10,882	-	10,882
Additional investment in a subsidiary	-	-	-	(250)
Advance payment for investments	-	(2)	-	3,557
<b>Net cash (used in) / generated from investing activities</b>	<b>(575)</b>	<b>10,498</b>	<b>(1,857)</b>	<b>15,263</b>
<b>Financing activities</b>				
Proceeds from issue of shares	-	4,847	2,150	8,214
Expenses in relation to issuance of convertible notes	-	(286)	(640)	(1,157)
Receipt of share capital from minority	-	-	392	-
Interest paid	(258)	9	(1,212)	(82)
Repayment of finance lease	(11)	-	(112)	-
Net proceeds from issuance of convertible notes / bonds	-	(152)	12,850	(54)
Fixed deposits subject to restriction	35	(186)	(1,664)	(2,015)
Repayment of bank loans	-	-	(11,610)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(234)</b>	<b>4,232</b>	<b>154</b>	<b>4,906</b>
<b>Net effect of foreign exchange rate changes</b>	<b>1,194</b>	<b>619</b>	<b>3,496</b>	<b>(415)</b>
<b>Net (decrease) / increase in cash &amp; cash equivalents</b>	<b>3,270</b>	<b>(1,983)</b>	<b>(3,349)</b>	<b>(3,534)</b>
<b>Cash &amp; cash equivalents at beginning of period</b>	<b>(4,501)</b>	<b>4,101</b>	<b>2,118</b>	<b>5,652</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>(1,231)</b>	<b>2,118</b>	<b>(1,231)</b>	<b>2,118</b>

**I. Cash and cash equivalent at end of period :**

<b>In S\$'000</b>	<b>31-Dec-08</b>	<b>31-Dec-07</b>
Cash	9,478	9,765
Bank overdraft	(8,893)	(7,495)
Less: Cash subject to restriction	<u>(1,816)</u>	<u>(152)</u>
	<u><u>(1,231)</u></u>	<u><u>2,118</u></u>



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

In S\$'000	Share capital	Capital redemption reserve	Share options reserve	Translation reserve	Revenue reserve	Attributable to equity holders of the Company	Minority interest	Total
<b><u>Group (3 months ended 31 December 2007)</u></b>								
<b>Balance as at 1 October 2007</b>	93,208	22	3,166	656	(78,031)	19,021	3,361	22,382
Net loss for the period	-	-	-	-	246	246	410	656
Issue of shares for acquisition of subsidiaries	-	-	-	-	-	-	-	-
Issue of shares for settlement of consultancy services rendered	-	-	-	-	-	-	-	-
Issue of shares for placement to Portal World Investment Ltd & Ng Swee Hua	4,847	-	-	-	-	4,847	-	4,847
Recognition of share-based payments	-	-	(151)	-	-	(151)	-	(151)
Foreign currency translation	-	-	-	133	-	133	10	143
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2007</b>	<b>98,055</b>	<b>22</b>	<b>3,015</b>	<b>789</b>	<b>(77,785)</b>	<b>24,096</b>	<b>3,781</b>	<b>27,877</b>
<b><u>Group (3 months ended 31 December 2008)</u></b>								
<b>Balance as at 1 October 2008</b>	99,565	22	3,015	3,159	(81,277)	24,484	3,758	28,242
Net loss for the period	-	-	-	-	(18,377)	(18,377)	(1,220)	(19,597)
Issue of shares for acquisition of subsidiaries	-	-	-	-	-	-	-	-
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Convertible Notes – Fair Value Loss	329	-	-	-	-	329	-	329
Recognition of share-based payments	-	-	(853)	-	-	(853)	-	(853)
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	63	63
Foreign currency translation	-	-	-	1,130	-	1,130	-	1,130
Minority interest of non-wholly owned subsidiary disposed	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2008</b>	<b>99,894</b>	<b>22</b>	<b>2,162</b>	<b>4,289</b>	<b>(99,654)</b>	<b>6,713</b>	<b>2,601</b>	<b>9,314</b>
<b><u>Company (3 months ended 31 December 2007)</u></b>								
<b>Balance as at 1 October 2007</b>	93,208	22	3,166	-	(72,464)	23,932	-	23,932
Net loss for the period	-	-	-	-	(10,895)	(10,895)	-	(10,895)
Issue of shares for acquisition of subsidiaries	-	-	-	-	-	-	-	-
Issue of shares for settlement of consultancy services rendered	-	-	-	-	-	-	-	-
Issue of shares for placement to Portal World Investment Ltd and Ng Swee Hua	4,847	-	-	-	-	4,847	-	4,847
Recognition of share-based payment	-	-	(151)	-	-	(151)	-	(151)
<b>Balance as at 31 December 2007</b>	<b>98,055</b>	<b>22</b>	<b>3,015</b>	<b>-</b>	<b>(83,359)</b>	<b>17,733</b>	<b>-</b>	<b>17,733</b>
<b><u>Company (3 months ended 31 December 2008)</u></b>								
<b>Balance as at 1 October 2008</b>	99,565	22	3,015	-	(82,617)	19,985	-	19,985
Net loss for the period	-	-	-	-	(13,846)	(13,846)	-	(13,846)
Issue of shares for acquisition of subsidiaries	-	-	-	-	-	-	-	-
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	329	-	-	-	-	329	-	329
Recognition of share-based payment	-	-	(853)	-	-	(853)	-	(853)
<b>Balance as at 31 December 2008</b>	<b>99,894</b>	<b>22</b>	<b>2,162</b>	<b>-</b>	<b>(96,463)</b>	<b>5,615</b>	<b>-</b>	<b>5,615</b>

In S\$'000	Share capital	Capital redemption reserve	Share options reserve	Translation reserve	Revenue reserve	Attributable to equity holders of the Company	Minority interest	Total
<b>Group (12 months ended 31 December 2007)</b>								
Balance as at 1 January 2007	89,841	22	3,166	1,204	(76,369)	17,864	3,575	21,439
Net loss for the period	-	-	-	-	(1,416)	(1,416)	947	(469)
Issue of shares for acquisition of subsidiaries	249	-	-	-	-	249	-	249
Issue of shares for settlement of consultancy services rendered	3,118	-	-	-	-	3,118	-	3,118
Issue of shares for placement to Portal World Investment Ltd & Ng Swee Hua	4,847	-	-	-	-	4,847	-	4,847
Recognition of share-based payments	-	-	(151)	-	-	(151)	-	(151)
Foreign currency translation	-	-	-	(415)	-	(415)	(491)	(906)
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	(250)	(250)
<b>Balance as at 31 December 2007</b>	<b>98,055</b>	<b>22</b>	<b>3,015</b>	<b>789</b>	<b>(77,785)</b>	<b>24,096</b>	<b>3,781</b>	<b>27,877</b>
<b>Group (12 months ended 31 December 2008)</b>								
Balance as at 1 January 2008	98,055	22	3,015	789	(76,619)	25,262	3,781	29,043
Net loss for the period	-	-	-	-	(23,035)	(23,035)	(1,365)	(24,400)
Issue of shares for acquisition of subsidiaries	-	-	-	-	-	-	-	-
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	2,150	-	-	-	-	2,150	-	2,150
Convertible note -Fair value loss	329	-	-	-	-	329	-	329
Recognition of share-based payments	-	-	(853)	-	-	(853)	-	(853)
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	392	392
Foreign currency translation	-	-	-	3,500	-	3,500	-	3,500
Minority interest of non-wholly owned subsidiary disposed	-	-	-	-	-	-	(207)	(207)
<b>Balance as at 31 December 2008</b>	<b>99,894</b>	<b>22</b>	<b>2,162</b>	<b>4,289</b>	<b>(99,654)</b>	<b>6,713</b>	<b>2,601</b>	<b>9,314</b>
<b>Company (12 months ended 31 December 2007)</b>								
Balance as at 1 January 2007	89,841	22	3,166	-	(70,412)	22,617	-	22,617
Net loss for the period	-	-	-	-	(12,947)	(12,947)	-	(12,947)
Issue of shares for acquisition of subsidiaries	249	-	-	-	-	249	-	249
Issue of shares for settlement of consultancy services rendered	3,118	-	-	-	-	3,118	-	3,118
Issue of shares for placement to Portal World Investment Ltd and Ng Swee Hua	4,847	-	-	-	-	4,847	-	4,847
Recognition of share-based payment	-	-	(151)	-	-	(151)	-	(151)
<b>Balance as at 31 December 2007</b>	<b>98,055</b>	<b>22</b>	<b>3,015</b>	<b>-</b>	<b>(83,359)</b>	<b>17,733</b>	<b>-</b>	<b>17,733</b>
<b>Company (12 months ended 31 December 2008)</b>								
Balance as at 1 January 2008	98,055	22	3,015	-	(82,192)	18,900	-	18,900
Net loss for the period	-	-	-	-	(14,271)	(14,271)	-	(14,271)
Issue of shares for acquisition of subsidiaries	-	-	-	-	-	-	-	-
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	2,479	-	-	-	-	2,479	-	2,479
Recognition of share-based payment	-	-	(853)	-	-	(853)	-	(853)
<b>Balance as at 31 December 2008</b>	<b>99,894</b>	<b>22</b>	<b>2,162</b>	<b>-</b>	<b>(96,463)</b>	<b>5,615</b>	<b>-</b>	<b>5,615</b>

**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Issued Share Capital

As at 31 December 2008, the issued ordinary shares of the Company numbered 1,784,727,752.

Share Options

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

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

Date of grant	Balance as at 1 January 2008 or grant date if later	Lapsed/ Cancelled	Balance as at 31 December 2008	Subscription Price	Expiry date
17 September 2003	1,465,708	(77,142)	1,388,566	0.3111	16 September 2013
14 April 2004	12,381,404	(2,082,849)	10,298,555	0.5063	13 April 2014
22 September 2005	11,238,000	-	11,238,000	0.1200	21 September 2010
10 January 2008	1,088,000	-	1,088,000	0.0550	09 January 2013
13 May 2008	<u>22,000,000</u>	<u>-</u>	<u>22,000,000</u>	0.0300	12 May 2018
	<u>48,173,112</u>	<u>(2,159,991)</u>	<u>46,013,121</u>		

Conversion of outstanding convertibles

31 December 2008

31 December 2007

1,940,598,291

NIL

- i) On the convertible notes amounting to S\$850,000, number of shares that may be issued is 94,444,444.
- ii) On the convertible bonds amounting to S\$12.0 million, the holder of the bonds may choose to convert to ordinary shares or to receive repayment in instalments, S\$2.0 million due on 31 December 2008, S\$2.0 million due on 30 June 2009, S\$4.0 million due on 31 December 2009 and S\$4.0 million due on 30 June 2010. The number of shares that may be issued for S\$12.0 million convertible bonds as at 31 December 2008 is 1,846,153,846.

On 2 January 2009, the Group announced that the bondholders have agreed to vary the payment of the sum of S\$2.0 million due on 31 December 2008 in a manner set out below :-

- a) S\$500,000 on or before 5 January 2009;
- b) S\$500,000 on or before 5 February 2009;
- c) S\$250,000 on or before 5 March 2009;
- d) S\$250,000 on or before 5 April 2009;
- e) S\$250,000 on or before 5 May 2009 and
- f) S\$250,000 on or before 6 June 2009

As at 27 February 2009, the Group has repaid a total of S\$1.0 million to the bondholders.

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

	<u>2008</u>	<u>2007</u>
	Number of ordinary shares	
Issued and paid up	<u>1,784,727,752</u>	<u>1,688,488,970</u>

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

Not applicable

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

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

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

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

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

The figures have not been audited or reviewed by the auditors.

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

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

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") for accounting periods beginning 1 January 2008.

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

<b>Earnings per ordinary share</b>	<b>YTD</b>	<b>YTD</b>
(based on consolidated net loss attributable to equity holders of the Company)	<b>31-Dec-08</b>	<b>31-Dec-07</b>
	<b>Cents</b>	<b>Cents</b>
- Basic	(1.29)	(0.10)
- Fully diluted	<u>(1.29)</u>	<u>(0.10)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 1,737,728,536 (31 December 2007 : 1,610,125,914).

Fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 1,743,030,717 (31 December 2007 : 1,610,125,914).

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

	<b>Group</b>		<b>Company</b>	
	<b>31-Dec-08</b>	<b>31-Dec-07</b>	<b>31-Dec-08</b>	<b>31-Dec-07</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Net Asset Value ("NAV") per share	<u>0.42</u>	<u>1.50</u>	<u>0.36</u>	<u>1.49</u>

The NAV per share as at 31 December 2008 is calculated based on 1,737,728,536 (31 December 2007: 1,610,125,914) ordinary shares.

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

**Revenue**

Revenue, on quarter-to-quarter basis, decreased by 31% mainly due to lower DMS revenue in distribution business.

For FY2008, the Group reported a 7% decrease in revenue from \$288.1 million for FY2007 to \$267.5 million. This is primarily contributed by :-

- i) decrease in DMS revenue of \$10.4 million due to lower distribution businesses and
- ii) decrease in AMS revenue of \$10.1 million due to cessation of certain non-viable AMS business and disposal of non-profitable subsidiaries in Taiwan and China.

**Profit / (Loss) after income tax**

In Q4-08, the Group reported a net loss after tax of \$20.76 million compared to a net profit of \$0.66 million in Q4-07 mainly due to non-cash charges. The details are as follows :-

- i) impairment of goodwill of \$14.14 million;
- ii) fair value loss on convertible bonds / notes of \$4.20 million;
- iii) currency translation loss of \$1.81 million and
- iv) provision of allowance for doubtful other receivables of \$1.0 million

Excluding these non-cash charges, the net profit after tax for Q4-08 is \$0.39 million.

At the operating level, the Group recorded an operating profit of \$0.4 million in Q4-08 compared to a loss of \$0.3 million in Q4-07. *[For adjustment to profit after tax, please refer to 1(a) (iv), page 3]*

Net loss for FY2008 was \$24.4 million as compared to a loss of \$0.5 million in FY2007 (excluding non-cash charges of \$23.2 million, net loss for FY08 is \$1.2 million)

**Cash Flows**

On a year-to-year basis, there is a decrease in cash position mainly due to financing of working capital.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**10 A commentary at the date of the announcement of the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

The global financial and economic crisis has created much uncertainties which presents severe challenges for the Group and as such, measures have been instituted to protect its operations.

The Group has negotiated with its lenders, a variation of the first redemption of \$2.0 million of the \$12.0 million convertible bonds. The Group continues to engage with its lenders on the remainder of the convertible bonds. Agreement between the lenders and the Group is crucial to the Group's ability to continue as a going concern.

After considering the measures taken and the uncertainties described above, the Group believes that it has adequate resources to continue its operations.

**11 Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on ?

None.

***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

None.

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

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

No dividend has been declared or recommended.

## **PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

### **13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

For management purposes, the Group is organized on a world-wide basis into three major operating divisions, namely, 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 centres are located. Therefore, the primary segment is geographical segments by location of our service centres.

South Asia comprises India, Malaysia and Singapore.

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

South Pacific comprises Australia.

The services centres in Peoples' Republic of China and Taiwan ceased in the year of 2008.

Primary segment information for the Group based on Geographical segments for the year ended 31 December 2008 is as follows.

<b><u>By Geographical Operations</u></b>	<b>South Asia</b>	<b>North Asia</b>	<b>South Pacific</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2008</b>				
<b>REVENUE</b>				
External sales	259,656	2,884	4,963	267,503
<b>RESULTS</b>				
Segment result	(23,646)	(3,799)	3,050	(24,395)
Finance costs				(1,212)
Loss before income tax				(25,607)
Income tax expense				1,207
Loss after income tax				(24,400)
	<b>South Asia</b>	<b>North Asia</b>	<b>South Pacific</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2007</b>				
<b>REVENUE</b>				
External sales	273,174	6,297	8,595	288,066
<b>RESULTS</b>				
Segment result	1,515	(950)	758	1,323
Finance costs				(1,157)
Loss before income tax				166
Income tax expense				(636)
Loss after income tax				(470)



### By Business Segment

The group operates in two business segments – After-Market Services ('AMS') and Distribution Management Solutions ('DMS').

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.

	<u>Revenue</u>		<u>Assets</u>		<u>Capital Expenditure</u>	
	2008	2007	2008	2007	2008	2007
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
AMS	32,658	42,818	17,222	34,533	1,625	275
DMS	<u>234,845</u>	<u>245,248</u>	<u>44,208</u>	<u>54,801</u>	<u>939</u>	<u>798</u>
Total	<u>267,503</u>	<u>288,066</u>	<u>61,430</u>	<u>89,334</u>	<u>2,564</u>	<u>1073</u>

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

South Asia revenue decreased primarily due to lower sales from DMS business.

North Asia and South Pacific revenue decreased mainly due to lower sales in the particular region and disposal of subsidiaries in Peoples' Republic of China and Taiwan.

### **BY ORDER OF THE BOARD**

**Gn Chiang Soon**  
**Company Secretary**

**Singapore, 27 February 2009**