

Miscellaneous

* Asterisks denote mandatory information

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Name of Announcer *	MDR LIMITED
Company Registration No.	200009059G
Announcement submitted on behalf of	MDR LIMITED
Announcement is submitted with respect to *	MDR LIMITED
Announcement is submitted by *	HUANG WENJIAN EUGENE
Designation *	COMPANY SECRETARY
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>> Announcement Details

The details of the announcement start here ...

Announcement Title *	QUERIES RAISED BY SGX IN RELATION TO THE COMPANY'S FY2006 ANNUAL REPORT
Description	<p>The Company has received the following queries from SGX in relation to our FY2006 annual report.</p> <p>Question (a): Please advise whether the following subsidiaries are significant subsidiaries of the Company. If so, please confirm compliance with Rules 712 and 715 and provide the directors' views on why the auditors of such subsidiaries are suitable:-</p> <p>(i) Accord Customer Care Solutions International Ltd (BVI); (ii) Accord Customer Care Solutions FZCO; (iii) Accord Customer Care Solutions (Vietnam) Ltd; (iv) Ucom Technologies Pvt Ltd; (v) PT Accord Customer Care Solutions; (vi) Accord CCS Thailand Co., Ltd;</p> <p>Company's response:</p> <p>All the subsidiaries aforementioned from (i) to (vi) are not significant subsidiaries of the Company as defined under Rule 718 of the SGX Listing Manual, as the net tangible assets of each of the aforementioned subsidiaries do not represent 20% or more of the mDR Group's consolidated net tangible assets, and each aforementioned subsidiary's pre-tax profit/loss does not account for 20% or more of the mDR Group's consolidated pre-tax profit/loss.</p> <p>Question (b): Qualified Audit Opinion</p> <p>(i) The Company's auditors, Deloitte & Touche, issued a qualified opinion on the financial statements for the financial year ended 31 December 2006 partly because they did not receive audit clearances from certain subsidiaries' auditors. Please disclose which subsidiaries these are and whether they are significant subsidiaries.</p> <p>Company's response:</p>

As at the date of the Auditor's Report, the following subsidiaries had not received audit clearances:-

- (a) mDRL (M) Sdn Bhd;
- (b) Accord Customer Care Solutions Philippines, Inc;
- (c) Accord Customer Care Solutions, FZCO;
- (d) After Market Solutions (CE) Sdn Bhd; and
- (e) Mobilefone Repair.com NZ Limited.

All the aforementioned subsidiaries from (a) to (e) are not considered significant subsidiaries of the Company based on Rule 718 of the SGX Listing Manual. Audit clearances were subsequently obtained for mDRL (M) Sdn Bhd, Accord Customer Care Solutions Philippines, Inc and Accord Customer Care Solutions FZCO.

(ii) Please disclose why the auditors of certain subsidiaries did not give audit clearances, the concerns raised by the auditors and why the Company was unable to address such concerns.

Company's response:

Audit clearance was not obtained for the following subsidiaries:-

(a) Mobilefone Repair.com NZ Limited - The financial year end of Mobilfone Repair.com NZ Limited is 30 June 2006, which is not co-terminous with the financial year end of the parent company. In order to obtain audit clearance, an audit would have to be conducted on 31 December 2006 which would have incurred additional costs. It was decided that no audit would be conducted and results were based on management accounts of 31 December 2006. The business was subsequently divested in February 2007.

(b) After Market Solutions (CE) Sdn Bhd - The aforementioned subsidiary is considered an insignificant subsidiary of the Company under Rule 718 of the SGX Listing Manual. We have assisted the subsidiaries' auditors in relation to any queries or outstanding matters. To date, the auditors are in the process of finalising their audit clearance and we expect to receive the same in due course.

(iii) Please disclose why the auditors of certain subsidiaries expressed disclaimer of opinion.

Company's response:

There was a change of auditors for certain subsidiaries in FY2006. The previous auditors for FY2005 qualified the FY2005 accounts due to the on-going investigations against the mDR Group in FY2005. Subsequently, when the new auditors took over in FY2006, they expressed a disclaimer of opinion on the opening balances of FY2006 brought over from FY2005.

(iv) Please announce the Independent Auditors' Report and all relevant notes referred to in the Independent Auditors' Report.

Please see attachment to this announcement.

Question (c)

The Company undertook a Rights Issue in June 2006. Please provide an update on the use of proceeds.

Company's response:

As of 31 March 2007, utilisation of the proceeds from the Rights Issue in June 2006 are as follows:-

S\$'000

- (a) Working capital for the Group's AMS business 5,882
- (b) Working capital for the Group's DMS business 6,446
- (c) Repayment of loan to Accord Holdings Pte Ltd 1,460

(d) Capital expenditure for Group's AMS business 1,438
(e) Legal and professional fees 4,183
(f) Expenses in connection with Rights Issue 566
Total proceeds used as of 31 March 2007 19,975

Attachments:

 [IndependentAuditorsReportwithnotes.pdf](#)

Total size = **286K**
(2048K size limit recommended)

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