



mDR Limited
2007 – First Half Financial Statement

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

In S\$'000	Notes	Q2-07	Q2-06	YTD 30-Jun-07	YTD 30-Jun-06	Q2 Inc/(Dec) %	YTD Inc/(Dec) %
Revenue	1(a)(i)	68,289	64,204	127,829	133,763	6%	-4%
Cost of sales	1(a)(i)	<u>(56,538)</u>	<u>(50,715)</u>	<u>(105,059)</u>	<u>(108,484)</u>	-11%	3%
Gross profit	1(a)(i)	11,751	13,489	22,770	25,279	-13%	-10%
Other operating income	1(a)(ii)	541	1,186	2,221	1,942	-54%	14%
Administrative expenses	1(a)(iii)	(10,773)	(11,085)	(21,582)	(21,178)	3%	-2%
Other operating expenses	1(a)(iv)	(849)	(30,245)	(3,946)	(34,469)	97%	89%
Finance cost	1(a)(v)	<u>(293)</u>	<u>(532)</u>	<u>(611)</u>	<u>(1,068)</u>	45%	43%
Profit (Loss) before income tax		377	(27,187)	(1,148)	(29,494)	101%	96%
Income tax expense	1(a)(vi)	<u>(185)</u>	<u>(35)</u>	<u>(448)</u>	<u>(190)</u>	-429%	-136%
Profit (Loss) for the period		<u>192</u>	<u>(27,222)</u>	<u>(1,596)</u>	<u>(29,684)</u>	101%	95%
<u>Attributable to:</u>							
<i>Equity holders of the parent company</i>		14	(27,158)	(2,001)	(29,807)	100%	93%
<i>Minority interests</i>		178	(64)	405	123	378%	229%
Profit (Loss) attributable to shareholders		<u>192</u>	<u>(27,222)</u>	<u>(1,596)</u>	<u>(29,684)</u>	101%	95%

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	Q2-07	Q2-06	YTD 30-Jun-07	YTD 30-Jun-06
<u>Revenue</u>				
AMS	14,003	15,034	25,304	26,938
DMS	54,286	49,170	102,525	106,825
	<u>68,289</u>	<u>64,204</u>	<u>127,829</u>	<u>133,763</u>
<u>Cost of Goods Sold and Spare Parts</u>				
AMS	(6,959)	(5,926)	(11,828)	(10,564)
DMS	(49,579)	(44,789)	(93,231)	(97,920)
	<u>(56,538)</u>	<u>(50,715)</u>	<u>(105,059)</u>	<u>(108,484)</u>
<u>Gross Profit</u>				
AMS	7,044	9,108	13,476	16,374
DMS	4,707	4,381	9,294	8,905
	<u>11,751</u>	<u>13,489</u>	<u>22,770</u>	<u>25,279</u>

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

In S\$'000	Q2-07	Q2-06	YTD 30-Jun-07	YTD 30-Jun-06
Interest income				
- Bonds	499	504	993	998
- Others	15	12	24	29
Rental income	59	-	108	80
Bad debt recovered	2	9	3	137
Release of negative goodwill to income on re-acquisition of interest in a subsidiary	-	616	-	616
Gain on divestment of business	-	-	935	-
Waiver of debts	-	-	150	-
Others	(34)	45	8	82
	<u>541</u>	<u>1,186</u>	<u>2,221</u>	<u>1,942</u>

1(a)(iii) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q2-07	Q2-06	YTD 30-Jun-07	YTD 30-Jun-06
<u>Staff Cost</u>				
AMS	6,257	6,494	12,798	12,559
DMS	1,893	1,809	3,706	3,512
	<u>8,150</u>	<u>8,303</u>	<u>16,504</u>	<u>16,071</u>

Included in the AMS business for Q2-06 is a reversal of bonus provision of \$1 million. Excluding this one-off item, on a comparative basis, AMS staff cost improved by 16% to \$6.3 million from \$7.5 million.

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

In S\$'000	Q2-07	Q2-06	YTD 30-Jun-07	YTD 30-Jun-06
Minimum lease payments under operating lease	1,958	2,451	4,001	4,751
Depreciation expenses	532	857	1,116	1,744
Reversal of impairment on fixed assets	-	-	(69)	-
(Gain) loss on disposal of fixed assets	(8)	148	6	152
Reversal of impairment of other investments (Note I)	(840)	-	(840)	79
Allowance for doubtful trade receivables	(13)	1,177	(5)	1,597
Allowance for doubtful other receivables	497	-	995	-
Provision (reversal) of allowance for inventories	33	58	(32)	58
(Gain) loss on foreign exchange	(1,310)	1,143	(1,226)	1,677
Provision for restructuring costs	-	24,411	-	24,411
	<u>849</u>	<u>30,245</u>	<u>3,946</u>	<u>34,469</u>

Note I : This represents reversal of provision of impairment following the assessment of the recoverable value of other investments.

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 30-Jun-07	Group 31-Dec-06	Company 30-Jun-07	Company 31-Dec-06
ASSETS					
Current assets					
Cash		9,886	14,320	2,971	3,395
Cash pledged		-	98	-	-
Trade receivables	A	29,033	32,205	7,213	7,919
Other receivables and prepayments	B	6,109	6,587	20,516	17,015
Inventories	C	14,934	14,190	-	-
		<u>59,962</u>	<u>67,400</u>	<u>30,700</u>	<u>28,329</u>
Non-current assets					
Investment in subsidiaries		-	-	27,197	27,197
Investment in associates		-	14	-	-
Other investments		10,571	9,731	6,930	6,090
Advance payments for investments		1,951	1,951	1,951	1,951
Plant and equipment		5,787	7,468	680	942
Goodwill on consolidation		12,174	12,174	-	-
Other goodwill		8,074	8,074	-	-
		<u>38,557</u>	<u>39,412</u>	<u>36,758</u>	<u>36,180</u>
Total assets		<u><u>98,519</u></u>	<u><u>106,812</u></u>	<u><u>67,458</u></u>	<u><u>64,509</u></u>
Current liabilities					
Bank loans		12,236	13,627	3,866	4,435
Bank overdraft		7,792	8,668	1,581	1,581
Trade payables	D	11,249	14,977	1,291	1,479
Other payables	E	42,747	45,574	36,220	33,485
Income tax payable		1,422	1,166	-	-
Obligations under finance leases		11	17	-	-
		<u>75,457</u>	<u>84,029</u>	<u>42,958</u>	<u>40,980</u>
Non-current liabilities					
Obligations under finance leases		62	191	-	-
Deferred tax		1,179	1,153	912	912
		<u>1,241</u>	<u>1,344</u>	<u>912</u>	<u>912</u>
Equity					
Issued capital		92,960	89,841	92,960	89,841
Capital redemption reserve		22	22	22	22
Share options reserve		3,166	3,166	3,166	3,166
Foreign currency translation reserve		565	1,204	-	-
Revenue reserve	F	(78,370)	(76,369)	(72,560)	(70,412)
Equity attributable to equity holders of the parent		18,343	17,864	23,588	22,617
Minority interests		3,478	3,575	-	-
		<u>21,821</u>	<u>21,439</u>	<u>23,588</u>	<u>22,617</u>
Total equity and liabilities		<u><u>98,519</u></u>	<u><u>106,812</u></u>	<u><u>67,458</u></u>	<u><u>64,509</u></u>

(A) Trade receivables

The trade receivables turnover days is 42 as at 30 June 2007 (31 December 2006 : 43 days).

(B) Other receivables and prepayments

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

S\$'000	Group	
	30-Jun-07	31-Dec-06
Related parties	999	1,902
Recoverables	2,018	1,997
Deposits	2,066	2,069
Prepayments	865	592
Accrued interest receivables	<u>104</u>	<u>-</u>

(C) Inventories

The inventory turnover is 26 days for the quarter ended 30 June 2007 (31 December 2006 : 23 days).

(D) Trade payables

Trade payables turnover days is 20 as at 30 June 2007 (31 December 2006 : 25 days).

(E) Other payables

The major components of other payables are tabulated below :

S\$'000	Group	
	30-Jun-07	31-Dec-06
Amount owing to related parties	17,493	14,785
Other payables to third parties	2,946	7,982
Accrued staff related expenses	2,991	3,131
Accrued operating expenses	9,727	8,127
Accrued restructuring costs	5,715	6,756
Refundable deposit for disposal of a subsidiary	1,535	2,072
Loan payable to bank by associate company	<u>2,291</u>	<u>2,670</u>

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

Amount repayable in one year or less, or on demand

As at 30 June 2007		As at 31 December 2006	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
11	20,028	17	22,295

Amount repayable after one year

As at 30 June 2007		As at 31 December 2006	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
62	-	191	-

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	Q2-07	Q2-06	YTD 30-Jun-07	YTD 30-Jun-06
Operating activities				
Profit (Loss) before income tax	377	(27,187)	(1,148)	(29,494)
Adjustments for				
Depreciation expense	532	857	1,116	1,744
Interest expense	293	532	611	1,068
Interest income	(487)	(516)	(1,017)	(1,027)
(Gain) loss on disposal of plant and equipment	(8)	148	6	152
Reversal of impairment on plant and equipment	-	-	(69)	-
Gain on sales of business	-	-	(935)	-
Reversal of allowance for inventories	33	58	(32)	58
Additional provision	-	23,047	-	23,047
Reversal of impairment of other investments	(840)	-	(840)	79
Excess of interest in the net fair value of acquired subsidiaries identifiable assets, liabilities over cost	-	(616)	-	(616)
Operating cash flows before movements in working capital	(100)	(3,677)	(2,308)	(4,989)
Trade receivables	(5,030)	(1,350)	2,264	1,671
Other receivables and prepaid expenses	1,265	5,168	436	3,157
Inventories	223	(3,488)	(906)	(4,575)
Trade payables	623	171	(3,108)	715
Other payables	141	1,771	(2,339)	(403)
Cash used in from operations	(2,878)	(1,405)	(5,961)	(4,424)
Interest received	487	516	1,017	1,027
Income tax paid	(141)	(307)	(166)	17
Net cash used in operating activities	(2,532)	(1,196)	(5,110)	(3,380)
Investing activities				
Purchase of plant and equipment	(127)	(312)	(286)	(738)
Proceeds from sale of business	-	-	1,743	-
Proceeds from disposal of plant and equipment	84	-	141	-
Advance payment for investments	-	-	-	-
Cash contribution of acquired subsidiaries	-	391	-	391
Net cash (used in) from investing activities:	(43)	79	1,598	(347)
Financing activities				
Proceeds from issue of shares	3,119	-	3,119	-
Interest paid	(293)	(532)	(611)	(1,068)
Repayment of finance lease	(109)	(9)	(135)	(35)
Fixed deposits subject to restriction	-	4,795	98	4,694
Repayment of bank loans	(448)	(107)	(1,391)	(482)
Net cash from financing activities	2,269	4,147	1,080	3,109
Net effect of foreign exchange rate changes	(1,241)	758	(1,126)	2,254
Net (decrease) increase in cash & cash equivalents	(1,547)	3,788	(3,558)	1,636
Cash & cash equivalents at beginning of year	3,641	2,922	5,652	5,074
Cash & cash equivalents at end of period	2,094	6,710	2,094	6,710

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

In S\$'000	30-Jun-07	30-Jun-06
Cash	9,886	19,075
Bank overdraft	(7,792)	(11,611)
Less: Cash subject to restriction	-	(754)
	<hr/>	<hr/>
	2,094	6,710
	<hr/>	<hr/>

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

In S\$'000	Share capital	Share premium	Capital redemption reserve	Share options reserve	Translation reserve	Revenue reserve	Attributable to equity holders of the company	Minority interest	Total
Group (6 months ended 30 June 2006)									
Balance at 1 January 2006	24,024	38,394	22	2,716	(633)	(43,328)	21,195	5,398	26,593
Net loss for the period	-	-	-	-	-	(29,806)	(29,806)	123	(29,683)
Exchange differences arising on translation of foreign operations	-	-	-	-	2,168	-	2,168	-	2,168
Issue of shares on rights issue	7,500	-	-	-	-	-	7,500	-	7,500
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	(616)	(616)
Balance at 30 June 2006	69,918	-	22	2,716	1,535	(73,134)	1,057	4,905	5,962
Group (6 months ended 30 June 2007)									
Balance at 1 January 2007	89,841	-	22	3,166	1,204	(76,369)	17,864	3,575	21,439
Net loss for the period	-	-	-	-	-	(2,001)	(2,001)	405	(1,596)
Issue of ordinary shares	3,119	-	-	-	-	-	3,119	-	3,119
Foreign currency translation	-	-	-	-	(639)	-	(639)	(502)	(1,141)
Balance at 30 June 2007	92,960	-	22	3,166	565	(78,370)	18,343	3,478	21,821
Company (6 months ended 30 June 2006)									
Balance at 1 January 2006	24,024	38,394	22	2,716	-	(34,358)	30,798	-	30,798
Issue of shares on rights issue	7,500	-	-	-	-	-	7,500	-	7,500
Net loss for the period	-	-	-	-	-	(12,000)	(12,000)	-	(12,000)
Balance at 30 June 2006	69,918	-	22	2,716	-	(46,358)	26,298	-	26,298
Company (6 months ended 30 June 2007)									
Balance at 1 January 2007	89,841	-	22	3,166	-	(70,412)	22,617	-	22,617
Net loss for the period	-	-	-	-	-	(2,148)	(2,148)	-	(2,148)
Issue of ordinary shares	3,119	-	-	-	-	-	3,119	-	3,119
Balance at 30 June 2007	92,960	-	22	3,166	-	(72,560)	23,588	-	23,588

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

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 30 June 2007 under the Scheme were as follows:

<u>Date of grant</u>	<u>Balance at 1 January 2007 or grant date if later</u>	<u>Exercised</u>	<u>Lapsed/ Cancelled</u>	<u>Balance at 30 June 2007</u>	<u>Subscription Price</u>	<u>Expiry date</u>
17 September 2003	1,735,707	-	(77,142)	1,658,565	0.3111	16 September 2013
14 April 2004	13,781,542	-	(655,711)	13,125,831	0.5063	13 April 2014
22 September 2005	11,238,000	-	-	11,238,000	0.1206	21 September 2010
	<u>26,755,249</u>	<u>-</u>	<u>(732,853)</u>	<u>26,022,396</u>		

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

The figures for the period from 1 January 2007 to 30 June 2007 have not been audited or reviewed by our auditors.

The auditors have expressed an "except for" opinion on the 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 outcome of the ongoing Commercial Affairs Department's proceedings may uncover other information which may require adjustments to be made to the financial statements.
- c) The completeness of the disclosure of related party transactions and any other effects on the financial statements as the former executives of the company who had been subsequently charged by the CAD were still presiding over the affairs of the company during the first half of financial year 2005.
- d) 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 our 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 2006.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and interpretations of FRS and amendments to FRS effective for accounting periods beginning 1 January 2007 and they are assessed to have no significant impact on the Group's financial position and results of the Group.

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

Earnings per ordinary share	YTD	YTD
(based on consolidated net loss	30-Jun-07	30-Jun-06
attributable to equity holders of the Company)	Cents	Cents
- Basic	(0.13)	(2.90)
- Fully diluted	<u>(0.13)</u>	<u>(2.90)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 1,571,471,405 (30 June 2006 : 1,026,301,490).

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 1,571,471,405 (30 June 2006 : 1,026,301,490).

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

	Group		Company	
	30-Jun-07	31-Dec-06	30-Jun-07	31-Dec-06
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	1.17	1.16	1.50	1.47

The NAV per share as at 30 June 2007 is calculated based on 1,571,471,405 (31 December 2006: 1,539,452,227) ordinary shares.

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

Revenue

Revenue for the second quarter has improved by 6% from S\$64.2 million to S\$68.3 million. This is primarily due to higher sales from the DMS business as a result of expansion of its dealer and franchisee networks.

Revenue from the AMS business has decreased by approximately S\$1.0 million as compared to the second quarter of FY2006. This is primarily due to the discontinuation of businesses, primarily the divestment of the New Zealand AMS business in January 2007.

Profit/Loss after Tax

In the second quarter of FY2007, the Group has reported a profit after tax of approximately S\$0.19 million, as compared to the second quarter loss of approximately S\$27.2 million in FY2006. (The net loss for the second quarter of FY2006 is S\$2.8 million excluding a one-time provision made for restructuring costs). The improvement is contributed by:-

- (i) the reversal of impairment of other investments (approximately S\$0.8 million);
- (ii) gain in foreign exchange (approximately S\$1.3 million); and
- (iii) other costs/expenses as per 1(a)(iv).

Cash Flow

The net decrease in cash and cash equivalents was attributed mainly to working capital usage and the repayment of bank loans.

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

For the AMS Business, the division has concluded the business reviews with a number of its major principals, and is continuing to finalize with others. These reviews are expected to have a positive impact.

For the DMS Business, in line with its aim to improve margins, the division has largely completed realigning its various businesses in retail and distribution. The division is continuing to grow its dealer and franchisee channels, including expansion of business in identified South East Asian markets.

The Group, on 29 April 2007, announced the proposed acquisition of JEL Corporation (Africa) Pte Ltd. If this acquisition is approved by shareholders, it will contribute positively to the cashflow and financial results of the Group. In addition, the Group has been working to restructure its loan with its lenders.

Barring any unforeseen circumstances, the Group's financial performance is expected to improve.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

BY ORDER OF THE BOARD

**Huang Wenjian Eugene
Company Secretary**

13 August 2007

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

We, Philip Eng Heng Nee and Tong Choo Cherng, being two directors of mDR Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first half 2007 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Philip Eng
Chairman

Tong Choo Cherng
Chief Executive Officer

Singapore, 13 August 2007