



mDR Limited
2007 – Third Quarter Financial Statement

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

In S\$'000	Notes	Q3-07	Q3-06	YTD 30-Sep-07	YTD 30-Sep-06	Q3 Inc/(Dec) %	YTD Inc/(Dec) %
Revenue	1(a)(i)	77,997	62,611	205,826	196,374	25%	5%
Cost of sales	1(a)(i)	<u>(66,861)</u>	<u>(50,316)</u>	<u>(171,920)</u>	<u>(158,799)</u>	-33%	-8%
Gross profit	1(a)(i)	11,136	12,295	33,906	37,575	-9%	-10%
Other operating income	1(a)(ii)	107	1,940	2,328	3,882	-94%	-40%
Administrative expenses	1(a)(iii)	(10,151)	(12,655)	(31,733)	(33,834)	20%	6%
Other operating expenses	1(a)(iv)	(242)	(2,714)	(4,188)	(37,183)	91%	89%
Finance cost	1(a)(v)	<u>(260)</u>	<u>(95)</u>	<u>(871)</u>	<u>(1,163)</u>	-174%	25%
Net expenses		(10,546)	(13,524)	(34,464)	(68,298)	22%	50%
Profit (Loss) before income tax		590	(1,229)	(558)	(30,723)	148%	98%
Income tax expense	1(a)(vi)	<u>(119)</u>	<u>(26)</u>	<u>(567)</u>	<u>(216)</u>	-358%	-163%
Profit (Loss) for the period		<u>471</u>	<u>(1,255)</u>	<u>(1,125)</u>	<u>(30,939)</u>	138%	96%
<u>Attributable to:</u>							
<i>Equity holders of the parent company</i>		339	(1,340)	(1,662)	(31,146)	125%	95%
<i>Minority interests</i>		132	85	537	207	57%	159%
Profit (Loss) attributable to shareholders		<u>471</u>	<u>(1,255)</u>	<u>(1,125)</u>	<u>(30,939)</u>	138%	96%

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	Q3-07	Q3-06	YTD 30-Sep-07	YTD 30-Sep-06
<u>Revenue</u>				
AMS	11,653	16,569	36,957	43,507
DMS	66,344	46,042	168,869	152,867
	<u>77,997</u>	<u>62,611</u>	<u>205,826</u>	<u>196,374</u>
<u>Cost of Goods Sold and Spare Parts</u>				
AMS	(5,254)	(8,179)	(17,082)	(18,743)
DMS	(61,607)	(42,137)	(154,838)	(140,056)
	<u>(66,861)</u>	<u>(50,316)</u>	<u>(171,920)</u>	<u>(158,799)</u>
<u>Gross Profit</u>				
AMS	6,399	8,390	19,875	24,764
DMS	4,737	3,905	14,031	12,811
	<u>11,136</u>	<u>12,295</u>	<u>33,906</u>	<u>37,575</u>

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

In S\$'000	Q3-07	Q3-06	YTD 30-Sep-07	YTD 30-Sep-06
Interest income				
- Bonds	-	508	993	1,506
- Others	18	80	42	109
Rental income	38	57	146	137
Bad debt recovered	-	165	3	302
Release of negative goodwill to income on re-acquisition of interest in a subsidiary	-	-	-	601
Waiver of debts due to intermediary Co	-	1,110	-	1,110
Gain on divestment of business	-	-	935	-
Waiver of debts	-	-	150	-
Others	51	20	59	117
	<u>107</u>	<u>1,940</u>	<u>2,328</u>	<u>3,882</u>

1(a)(iii) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q3-07	Q3-06	YTD 30-Sep-07	YTD 30-Sep-06
<u>Staff Cost</u>				
AMS	5,559	7,360	18,357	19,920
DMS	1,971	1,728	5,677	5,240
	<u>7,530</u>	<u>9,088</u>	<u>24,034</u>	<u>25,160</u>

The lower administrative expenses for Q3-07 compared to the corresponding period in 2006 is mainly due to the decrease in staff cost which is in line with the cessation of certain business operation and closure of service centres as part of the restructuring exercise. On a quarter-to-quarter basis, AMS staff cost decreased by 25% to \$5.6 million from \$7.3 million.

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

In S\$'000	Q3-07	Q3-06	YTD 30-Sep-07	YTD 30-Sep-06
Minimum lease payments under operating lease	1,800	2,227	5,801	6,978
Depreciation expenses	510	859	1,626	2,604
Reversal of impairment on fixed assets	-	-	(69)	-
Loss on disposal of fixed assets	4	17	10	169
Impairment of other goodwill	19	-	19	-
Reversal of impairment of other investments (Note I)	(700)	-	(1,540)	79
Reversal of provision for impairment of advance payments on investments (Note I)	(1,608)	-	(1,608)	-
Allowance for doubtful debts	(39)	163	951	1,759
Provision (reversal) of allowance for inventories	24	20	(8)	78
Loss (gain) on foreign exchange	232	(572)	(994)	1,105
Provision for restructuring costs	-	-	-	24,411
	<u>242</u>	<u>2,714</u>	<u>4,188</u>	<u>37,183</u>

Note I : This represents reversal of provision of impairment following the recovery of other investments and advance payments on investments.

1(a)(v) Finance cost

Finance cost comprises mainly interest expense arising from loans drawn down for operating and investing activities. Included in Q3-06 was a reversal of overprovision as a result of rescheduling of loan facilities.

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-Sep-07	Group 31-Dec-06	Company 30-Sep-07	Company 31-Dec-06
ASSETS					
Current assets					
Cash		11,619	14,320	2,475	3,395
Cash pledged		-	98	-	-
Trade receivables	A	29,040	32,205	7,044	7,919
Other receivables and prepayments	B	7,377	6,587	21,266	17,015
Inventories	C	12,998	14,190	-	-
		<u>61,034</u>	<u>67,400</u>	<u>30,785</u>	<u>28,329</u>
Non-current assets					
Investment in subsidiaries		-	-	27,448	27,197
Investment in associates		-	14	-	-
Other investments		11,271	9,731	7,630	6,090
Advance payments for investments		-	1,951	-	1,951
Plant and equipment		5,544	7,468	538	942
Goodwill on consolidation		12,155	12,174	-	-
Other goodwill		8,074	8,074	-	-
		<u>37,044</u>	<u>39,412</u>	<u>35,616</u>	<u>36,180</u>
Total assets		<u><u>98,078</u></u>	<u><u>106,812</u></u>	<u><u>66,401</u></u>	<u><u>64,509</u></u>
Current liabilities					
Bank loans		11,798	13,627	3,695	4,435
Bank overdraft		7,518	8,668	1,581	1,581
Trade payables	D	12,655	14,977	1,339	1,479
Other payables	E	41,012	45,574	34,942	33,485
Income tax payable		1,420	1,166	-	-
Obligations under finance leases		11	17	-	-
		<u>74,414</u>	<u>84,029</u>	<u>41,557</u>	<u>40,980</u>
Non-current liabilities					
Obligations under finance leases		106	191	-	-
Deferred tax		1,176	1,153	912	912
		<u>1,282</u>	<u>1,344</u>	<u>912</u>	<u>912</u>
Equity					
Issued capital		93,208	89,841	93,208	89,841
Capital redemption reserve		22	22	22	22
Share options reserve		3,166	3,166	3,166	3,166
Foreign currency translation reserve		656	1,204	-	-
Revenue reserve	F	(78,031)	(76,369)	(72,464)	(70,412)
Equity attributable to equity holders of the parent company		<u>19,021</u>	<u>17,864</u>	<u>23,932</u>	<u>22,617</u>
Minority interests		3,361	3,575	-	-
		<u>22,382</u>	<u>21,439</u>	<u>23,932</u>	<u>22,617</u>
Total equity and liabilities		<u><u>98,078</u></u>	<u><u>106,812</u></u>	<u><u>66,401</u></u>	<u><u>64,509</u></u>

(A) Trade receivables

The trade receivables turnover days is 39 as at 30 September 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	
	<u>30-Sep-07</u>	<u>31-Dec-06</u>
Related parties	1,554	1,902
Recoverables	2,344	1,997
Deposits	2,125	2,069
Prepayments	799	592
Accrued interest receivables	<u>72</u>	<u>-</u>

(C) Inventories

The inventory turnover is 21 days for the quarter ended 30 September 2007 (31 December 2006 : 23 days).

(D) Trade payables

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

(E) Other payables

The major components of other payables are tabulated below :

S\$'000	Group	
	<u>30-Sep-07</u>	<u>31-Dec-06</u>
Amount owing to related parties	17,675	14,785
Other payables to third parties	2,992	7,982
Accrued staff related expenses	3,278	3,131
Accrued operating expenses	7,985	8,127
Accrued restructuring costs	5,379	6,756
Refundable deposit for disposal of a subsidiary	1,501	2,072
Loan payable to bank by associate company	<u>2,181</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 September 2007		As at 31 December 2006	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
11	19,316	17	22,295

Amount repayable after one year

As at 30 September 2007		As at 31 December 2006	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
106	-	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	Q3-07	Q3-06	YTD 30-Sep-07	YTD 30-Sep-06
Operating activities				
Profit (Loss) before income tax	591	(1,229)	(557)	(30,723)
Adjustments for				
Depreciation expense	510	859	1,626	2,604
Interest expense	260	95	871	1,163
Interest income	(18)	(588)	(1,035)	(1,614)
Loss on disposal of plant and equipment	4	17	10	168
Reversal of impairment on plant and equipment	-	-	(69)	-
Gain on sales of business	-	-	(935)	-
Reversal of provision for impairment for advance payment	(1,608)	-	(1,608)	-
Provision (reversal) of allowance for inventories	24	20	(8)	78
Additional provision	-	-	-	24,411
Reversal of impairment of other investments	(700)	-	(1,540)	79
Excess of interest in the net fair value of acquired subsidiaries identifiable assets, liabilities over cost	-	15	-	(601)
Impairment of goodwill	19	-	19	-
Operating cash flows before movements in working capital	(918)	(811)	(3,226)	(4,435)
Trade receivables	(7)	(8,493)	2,257	(6,822)
Other receivables and prepaid expenses	(1,269)	4,413	(833)	2,022
Inventories	1,912	(179)	1,006	(4,754)
Trade payables	1,406	(2,164)	(1,702)	(1,448)
Other payables	(1,864)	(638)	(4,203)	2,215
Cash (used in) generated from operations	(740)	(7,872)	(6,701)	(13,222)
Interest received	18	588	1,035	1,614
Income tax paid	(124)	(76)	(290)	(59)
Net cash (used in) from operating activities	(846)	(7,360)	(5,956)	(11,667)
Investing activities				
Purchase of plant and equipment	(142)	(259)	(428)	(998)
Proceeds from sale of business	-	-	1,743	-
Proceeds from disposal of plant and equipment	-	-	141	-
Additional investment in a subsidiary	(250)	-	(250)	-
Advance payment for investments	-	(60)	-	867
Proceeds from disposal of investments	3,559	-	3,559	-
Net cash outflow on acquisition of subsidiaries	-	-	-	391
Net cash from (used in) investing activities:	3,167	(319)	4,765	260
Financing activities				
Proceeds from issue of shares	248	19,938	3,367	19,938
Interest paid	(260)	(95)	(871)	(1,163)
Decrease in finance lease	44	(20)	(91)	(54)
Fixed deposits subject to restriction	-	653	98	5,347
Repayment of bank loans	(438)	(8,534)	(1,829)	(9,017)
Net cash(used in) from financing activities	(406)	11,942	674	15,051
Net effect of foreign exchange rate changes	92	(126)	(1,034)	2,127
Net increase (decrease) in cash and cash equivalents	2,007	4,137	(1,551)	5,771
Cash and cash equivalents at beginning of period	2,094	6,705	5,652	5,071
Cash and cash equivalents at end of period	4,101	10,842	4,101	10,842

I. Cash and cash equivalent at end of period :

In S\$'000	30 Sep 2007	30 Sep 2006
Cash	11,619	20,141
Bank overdraft	(7,518)	(9,198)
Less: Cash subject to restriction	-	(101)
	<u>4,101</u>	<u>10,842</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	Share premium	Capital redemption reserve	Share options reserve	Translation reserve	Revenue reserve	Attributable to equity holders of the company	Minority interest	Total
Group (9 months ended 30 September 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	-	-	-	-	-	(31,146)	(31,146)	207	(30,939)
Exchange differences arising on translation of foreign operations	-	-	-	-	2,038	-	2,038	-	2,038
Issue of shares on rights issue	19,923	-	-	-	-	-	19,923	-	19,923
Issue of shares on acquisition of subsidiaries	7,500	-	-	-	-	-	7,500	-	7,500
Recognition of share-based payments	-	-	-	-	-	-	-	-	-
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	(601)	(601)
Transfer from share premium account	38,394	(38,394)	-	-	-	-	-	-	-
Balance at 30 September 2006	89,841	-	22	2,716	1,405	(74,474)	19,510	5,004	24,514
Group (9 months ended 30 September 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	-	-	-	-	-	(1,662)	(1,662)	537	(1,125)
Issue of ordinary shares	3,367	-	-	-	-	-	3,367	-	3,367
Recognition of share-based payments	-	-	-	-	-	-	-	-	-
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	(250)	(250)
Foreign currency translation	-	-	-	-	(548)	-	(548)	(501)	(1,049)
Balance at 30 September 2007	93,208	-	22	3,166	656	(78,031)	19,021	3,361	22,382
Company (9 months ended 30 September 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	19,923	-	-	-	-	-	19,923	-	19,923
Issue of shares on acquisition of subsidiaries	7,500	-	-	-	-	-	7,500	-	7,500
Recognition of share-based payments	-	-	-	-	-	-	-	-	-
Transfer from share premium account	38,394	(38,394)	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(12,723)	(12,723)	-	(12,723)
Balance at 30 September 2006	89,841	-	22	2,716	-	(47,081)	45,498	-	45,498
Company (9 months ended 30 September 2007)									
Balance at 1 January 2007	89,841	-	22	3,166	-	(70,412)	22,617	-	22,617
Net loss for the period	-	-	-	-	-	(2,052)	(2,052)	-	(2,052)
Issue of ordinary shares	3,367	-	-	-	-	-	3,367	-	3,367
Balance at 30 September 2007	93,208	-	22	3,166	-	(72,464)	23,932	-	23,932

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 September 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 Sep 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	-	(848,568)	12,932,974	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>(925,710)</u>	<u>25,829,539</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 September 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-Sep-07	30-Sep-06
attributable to equity holders of the Company)	Cents	Cents
- Basic	(0.10)	(2.71)
- Fully diluted	<u>(0.10)</u>	<u>(2.71)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 1,585,764,649 (30 September 2006 : 1,148,006,504).

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 1,585,764,649 (30 September 2006 : 1,148,006,504).

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-Sep-07 Cents	31-Dec-06 Cents	30-Sep-07 Cents	31-Dec-06 Cents
Net Asset Value ("NAV") per share	<u>1.20</u>	<u>1.16</u>	<u>1.51</u>	<u>1.47</u>

The NAV per share as at 30 September 2007 is calculated based on 1,585,764,649 (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 third quarter increased by 25% to \$78.0 million from \$62.6 million. This is mainly contributed by higher sales from DMS business offset partially by a lower AMS revenue due to the disposal of New Zealand business in Jan'07 and lower revenue from the Australia business. Higher DMS revenue is principally due to sales of pre-paid phone cards.

Profit/(Loss) after income tax

Excluding one-off items, currency exchange, finance cost and taxes, the Group recorded an operating loss of \$0.9m in Q3-07 as compared to an operating loss of \$2.6m in Q3-06.

In the third quarter of FY2007, the Group reported profit after tax of about \$0.47 million compared to a net loss of \$1.25 million in third quarter of FY2006 mainly due to the recovery of other investments and advance payments on investments (Refer Note I on Page 3).

Cash Flows

On a year-on-year basis, there is a decrease in cash position mainly due to the proceeds from rights issue in Q3-06 which was utilized for the financing of working capital and bank loan repayment.

The Group's net cash used in operating activities improved as compared to the same quarter last year. This was attributed to concerted efforts in reducing inventory level and ensuring time collection of trade receivables.

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

An announcement was made on 1 Oct 2007 where both the Group and JEL Corporation (Holdings) Ltd (JEL) have decided to mutually terminate all agreements in relation to proposed strategic alliance between the Group & JEL.

The Group has raised about \$5.0 million through a placement agreement on 9 Oct 2007. On 5 Nov 2007, the Group has signed a subscription agreement with Advance Opportunities Fund to the subscription of convertible notes of up to \$32.0 million which are convertible into new ordinary shares in capital of the company. Both agreements will further contribute positively to the cashflow and financial results of the Group.

In addition, the Group is in the midst of finalizing its loan restructuring with its lenders.

Barring any unforeseen circumstances and any impairment in goodwill, 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 November 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 third Quarter 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 November 2007