



mDR Limited
Full Year Financial Statement for the Year Ended 31/12/2007

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	Q4-07	Q4-06	YTD 31-Dec-07	YTD 31-Dec-06	Q4 Inc/(Dec) %	YTD Inc/(Dec) %
Revenue	1(a)(i)	82,240	72,358	288,066	268,732	14%	7%
Cost of sales	1(a)(i)	<u>(72,088)</u>	<u>(61,035)</u>	<u>(244,008)</u>	<u>(219,834)</u>	-18%	-11%
Gross profit	1(a)(i)	10,152	11,323	44,058	48,898	-10%	-10%
Other operating income	1(a)(ii)	2,019	3,509	4,347	7,391	-42%	-41%
Administrative expenses	1(a)(iii)	(8,528)	(12,836)	(40,261)	(46,668)	34%	14%
Other operating expenses	1(a)(iv)	(2,633)	(3,462)	(6,821)	(40,646)	24%	83%
Finance cost	1(a)(v)	<u>(286)</u>	<u>(492)</u>	<u>(1,157)</u>	<u>(1,655)</u>	42%	30%
Net expenses		(9,428)	(13,281)	(43,892)	(81,578)	29%	46%
Profit (Loss) before income tax		724	(1,958)	166	(32,680)	137%	101%
Income tax expense	1(a)(vi)	<u>(69)</u>	<u>10</u>	<u>(636)</u>	<u>(206)</u>	-790%	-209%
Profit (Loss) for the period		<u>655</u>	<u>(1,948)</u>	<u>(470)</u>	<u>(32,886)</u>	134%	99%
<u>Attributable to:</u>							
<i>Equity holders of the parent company</i>		245	(1,896)	(1,417)	(33,041)	113%	96%
<i>Minority interests</i>		410	(52)	947	155	888%	511%
Profit (Loss) attributable to shareholders		<u>655</u>	<u>(1,948)</u>	<u>(470)</u>	<u>(32,886)</u>	134%	99%

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	Q4-07	Q4-06	YTD 31-Dec-07	YTD 31-Dec-06
<u>Revenue</u>				
AMS	5,861	10,660	42,818	54,167
DMS	76,379	61,698	245,248	214,565
	<u>82,240</u>	<u>72,358</u>	<u>288,066</u>	<u>268,732</u>
<u>Cost of Goods Sold and Spare Parts</u>				
AMS	(1,206)	(3,793)	(18,288)	(22,536)
DMS	(70,882)	(57,242)	(225,720)	(197,298)
	<u>(72,088)</u>	<u>(61,035)</u>	<u>(244,008)</u>	<u>(219,834)</u>
<u>Gross Profit</u>				
AMS	4,655	6,867	24,530	31,631
DMS	5,497	4,456	19,528	17,267
	<u>10,152</u>	<u>11,323</u>	<u>44,058</u>	<u>48,898</u>

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

In S\$'000	Q4-07	Q4-06	YTD 31-Dec-07	YTD 31-Dec-06
Interest income				
- Bonds	-	494	993	2,001
- Others	25	180	67	288
Rental income	40	60	186	197
Reversal of provision for stock loss	-	318	-	318
Bad debt recovered	145	(182)	148	121
Release of negative goodwill to income on re-acquisition of interest in a subsidiary	-	-	-	601
Waiver of debts due to intermediaries	463	2,338	463	3,448
Gain on divestment of business	(147)	-	788	-
Waiver of debts	-	-	150	-
Refundable deposit for disposal of subsidiary	1,501	-	1,501	-
Others	(8)	301	51	417
	<u>2,019</u>	<u>3,509</u>	<u>4,347</u>	<u>7,391</u>

1(a)(iii) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000			YTD	YTD
	Q4-07	Q4-06	31-Dec-07	31-Dec-06
<u>Staff Cost</u>				
AMS	4,132	7,256	22,489	27,176
DMS	2,105	1,776	7,782	7,015
Share-based payment	(151)	450	(151)	450
	<u>6,086</u>	<u>9,482</u>	<u>30,120</u>	<u>34,641</u>

The lower administrative expenses for Q4-07 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 year-to-year basis, AMS staff cost improved by 17% to \$22.5 million from \$27.2 million.

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

In S\$'000			YTD	YTD
	Q4-07	Q4-06	31-Dec-07	31-Dec-06
Minimum lease payments under operating lease	1,951	2,272	7,752	9,250
Depreciation expenses	457	749	2,083	5,061
Reversal of impairment on fixed assets	-	(1,992)	(69)	(1,992)
Loss on disposal of fixed assets	512	3,480	522	5,529
Loss on disposal of subsidiaries	239	-	239	-
Impairment of goodwill on consolidation	500	2,336	519	2,336
Impairment of other goodwill	-	490	-	1,100
Other goodwill written off	-	60	-	60
Allowance for doubtful trade receivables	73	(27)	29	236
Allowance for doubtful other receivables (Note A)	(1,637)	907	(1,634)	3,662
Impairment of other receivables	-	1,005	993	2,501
Reversal of provision for other liabilities	-	(1,594)	-	(1,594)
Provision of allowance for inventories	68	273	60	701
Loss (Gain) on foreign exchange	81	41	(916)	1,147
Provision for restructuring costs	-	(3,160)	-	5,948
Impairment (Reversal) for :-				
Other investments	389	(79)	(1,151)	8,000
Provision for advance payments for investments	-	(1,299)	(1,606)	(1,299)
	<u>2,633</u>	<u>3,462</u>	<u>6,821</u>	<u>40,646</u>

Note A : This represents the reversal of provision for doubtful other receivables which is no longer required.

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-07	Group 31-Dec-06	Company 31-Dec-07	Company 31-Dec-06
ASSETS					
Current assets					
Cash		9,613	14,320	2,034	3,395
Cash pledged		152	98	152	-
Trade receivables	A	33,184	32,205	7,659	7,919
Other receivables and prepayments	B	6,137	6,587	13,237	17,015
Inventories	C	16,678	14,190	-	-
		<u>65,764</u>	<u>67,400</u>	<u>23,082</u>	<u>28,329</u>
Non-current assets					
Investment in subsidiaries		-	-	27,042	27,197
Investment in associates		-	14	-	-
Other investments		-	9,731	-	6,090
Advance payments for investments		-	1,951	-	1,951
Plant and equipment		3,841	7,468	424	942
Goodwill on consolidation		11,655	12,174	-	-
Other goodwill		8,074	8,074	-	-
		<u>23,570</u>	<u>39,412</u>	<u>27,466</u>	<u>36,180</u>
Total assets		<u><u>89,334</u></u>	<u><u>106,812</u></u>	<u><u>50,548</u></u>	<u><u>64,509</u></u>
Current liabilities					
Bank loans		11,612	13,627	3,695	4,435
Bank overdraft		7,495	8,668	1,557	1,581
Trade payables	D	18,941	14,977	1,319	1,479
Other payables	E	20,645	45,574	19,075	33,485
Income tax payable		1,460	1,166	-	-
Obligations under finance leases		11	17	-	-
		<u>60,164</u>	<u>84,029</u>	<u>25,646</u>	<u>40,980</u>
Non-current liabilities					
Obligations under finance leases		115	191	-	-
Deferred tax		1,179	1,153	912	912
		<u>1,294</u>	<u>1,344</u>	<u>912</u>	<u>912</u>
Equity					
Issued capital		98,055	89,841	98,055	89,841
Capital redemption reserve		22	22	22	22
Share options reserve		3,015	3,166	3,015	3,166
Foreign currency translation reserve		789	1,204	-	-
Revenue reserve	F	(77,786)	(76,369)	(77,102)	(70,412)
Equity attributable to equity holders of the parent company		<u>24,095</u>	<u>17,864</u>	<u>23,990</u>	<u>22,617</u>
Minority interests		3,781	3,575	-	-
		<u>27,876</u>	<u>21,439</u>	<u>23,990</u>	<u>22,617</u>
Total equity and liabilities		<u><u>89,334</u></u>	<u><u>106,812</u></u>	<u><u>50,548</u></u>	<u><u>64,509</u></u>

(A) Trade receivables

The trade receivables turnover days is 42 as at 31 December 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	
	31-Dec-07	31-Dec-06
Related parties	-	1,152
Recoverables	3,302	2,517
Deposits	1,703	2,069
Prepayments	875	592
Accrued interest receivables	<u>129</u>	<u>-</u>

(C) Inventories

The inventory turnover is 25 days for the year ended 31 December 2007 (31 December 2006 : 23 days).

(D) Trade payables

Trade payables turnover days is 29 as at 31 December 2007 (31 December 2006 : 25 days).

(E) Other payables

The major components of other payables are tabulated below :

S\$'000	Group	
	31-Dec-07	31-Dec-06
Amount owing to related parties	248	14,785
Other payables to third parties	2,008	7,982
Accrued staff related expenses	2,590	3,131
Accrued operating expenses	10,338	8,127
Accrued restructuring costs	3,364	6,756
Refundable deposit for disposal of a subsidiary	-	2,072
Loan payable to bank by associate company	<u>2,075</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 31 December 2007		As at 31 December 2006	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
11	19,107	17	22,295

Amount repayable after one year

As at 31 December 2007		As at 31 December 2006	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
115	-	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	Q4-07	Q4-06	YTD 31 Dec 2007	YTD 31 Dec 2006
Operating activities				
Profit (Loss) before income tax	724	(1,958)	166	(32,680)
Adjustments for				
Depreciation expense	457	749	2,083	5,061
Interest expense	286	492	1,157	1,655
Interest income	(25)	(674)	(1,060)	(2,289)
Loss on disposal of plant and equipment	512	3,480	522	5,529
Reversal of impairment on plant and equipment	-	(1,992)	(69)	(1,992)
Gain on sales of business	147	-	(788)	-
Loss on disposal of subsidiaries	239	-	239	-
Gain on advance payment for investments	-	(1,299)	(1,606)	(1,299)
Reversal of allowance for inventories	68	273	60	701
Share option expense	(151)	450	(151)	450
Other goodwill written off	-	60	-	60
(Reversal) of impairment of other investments	389	(79)	(1,151)	8,000
Refundable deposit for disposal of subsidiary	(1,501)	-	(1,501)	-
Allowance for doubtful trade receivables	73	(27)	29	236
(Reversal) Allowance for doubtful other receivables	(2,100)	907	(2,097)	3,662
Impairment of other receivables	-	1,005	993	2,501
Provision for restructuring cost	-	(3,160)	-	5,948
Negative goodwill released to income	-	-	-	(601)
Impairment of goodwill on consolidation	500	2,336	519	2,336
Impairment other goodwill	-	490	-	1,100
Operating cash flows before movements in working capital	(382)	1,053	(2,655)	(1,622)
Trade receivables	(5,598)	(2,749)	(3,290)	(9,807)
Other receivables and prepaid expenses	3,178	1,792	1,342	3,814
Inventories	(4,273)	2,936	(3,267)	(1,818)
Trade payables	6,317	3,173	4,615	1,725
Other payables	(15,988)	(7,933)	(20,191)	(7,241)
Cash (used in) generated from operations	(16,746)	(1,728)	(23,446)	(14,949)
Interest received	25	675	1,060	2,289
Income tax paid	(26)	(75)	(316)	(134)
Net cash (used in) from operating activities	(16,747)	(1,128)	(22,702)	(12,794)
Investing activities				
Purchase of plant and equipment	(645)	(60)	(1,073)	(1,058)
Proceeds from disposal of plant and equipment	128	-	269	-
Proceeds from sale of business	-	-	1,743	-
Proceeds from sale of subsidiary	120	-	120	-
Proceed from other investment	10,882	-	10,882	-
Additional investment in a subsidiary	-	(664)	(250)	(664)
Advance payment for investments	-	(331)	3,557	536
Net cash outflow on acquisition of subsidiaries	-	(7,500)	-	(7,109)
Net cash (used in) from investing activities:	10,485	(8,555)	15,248	(8,295)
Financing activities				
Proceeds from issue of shares	4,847	7,485	8,214	27,423
Interest paid	(286)	(492)	(1,157)	(1,655)
Decrease in finance lease	9	(18)	(82)	(72)
Fixed deposits subject to restriction	(152)	3	(54)	5,350
Repayment of bank loans	(186)	(2,190)	(2,015)	(11,207)
Net cash(used in) from financing activities	4,232	4,788	4,906	19,839
Net effect of foreign exchange rate changes	47	(295)	(986)	1,831
Net increase (decrease) in cash and cash equivalents	(1,983)	(5,190)	(3,534)	581
Cash and cash equivalents at beginning of year	4,101	10,842	5,652	5,071
Cash and cash equivalents at end of year	2,118	5,652	2,118	5,652

I. Cash and cash equivalent at end of period :

In S\$'000	31Dec 07	31 Dec 2006
Cash	9,765	14,418
Bank overdraft	(7,495)	(8,668)
Less: Cash subject to restriction	(152)	(98)
	<hr/>	<hr/>
	2,118	5,652
	<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 (12 months ended 31 December 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	-	-	-	-	-	(33,041)	(33,041)	155	(32,886)
Exchange differences arising on translation of foreign operations	-	-	-	-	1,837	-	1,837	-	1,837
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	-	-	-	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 31 December 2006	89,841	-	22	3,166	1,204	(76,369)	17,864	3,575	21,439
Group (12 months ended 31 December 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	-	-	-	-	-	(1,417)	(1,417)	947	(470)
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 Mr Ng Swee Hua	4,847	-	-	-	-	-	4,847	-	4,847
Recognition of share-based payments	-	-	-	(151)	-	-	(151)	-	(151)
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	(250)	(250)
Foreign currency translation	-	-	-	-	(415)	-	(415)	(491)	(906)
Balance at 31 December 2007	98,055	-	22	3,015	789	(77,786)	24,095	3,781	27,876
Company (12 months ended 31 December 2006)									
Balance at 1 January 2006	24,024	38,394	22	2,716	-	(34,358)	30,798	-	30,798
Issue of shares on acquisition of subsidiaries	19,923	-	-	-	-	-	19,923	-	19,923
Issue of shares on rights issue	7,500	-	-	-	-	-	7,500	-	7,500
Recognition of share-based payments	-	-	-	450	-	-	450	-	450
Transfer from share premium reserve	38,394	(38,394)	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(36,054)	(36,054)	-	(36,054)
Balance at 31 December 2006	89,841	-	22	3,166	-	(70,412)	22,617	-	22,617
Company (12 months ended 31 December 2007)									
Balance at 1 January 2007	89,841	-	22	3,166	-	(70,412)	22,617	-	22,617
Net loss for the period	-	-	-	-	-	(6,690)	(6,690)	-	(6,690)
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 Mr Ng Swee Hua	4,847	-	-	-	-	-	4,847	-	4,847
Recognition of share-based payments	-	-	-	(151)	-	-	(151)	-	(151)
Balance at 31 December 2007	98,055	-	22	3,015	-	(77,102)	23,990	-	23,990

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 31 December 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>Lapsed/ Cancelled</u>	<u>Balance at 30 Sep 2007</u>	<u>Subscription Price</u>	<u>Expiry date</u>
17 September 2003	1,735,707	(269,999)	1,465,708	0.3111	16 September 2013
14 April 2004	13,781,542	(1,400,138)	12,381,404	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>(1,670,137)</u>	<u>25,085,112</u>		

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>2007</u>	<u>2006</u>
	Number of ordinary shares	
Issued and paid up:	<u>1,688,488,970</u>	<u>1,539,452,227</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 2007 to 31 December 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:

- 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.
- 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.
- 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.
- 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 (based on consolidated net loss attributable to equity holders of the Company)	YTD	YTD
	31-Dec-07	31-Dec-06
	Cents	Cents
- Basic	(0.09)	(2.36)
- Fully diluted	<u>(0.09)</u>	<u>(2.36)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 1,610,125,914 (31 December 2006 : 1,398,842,096).

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 1,610,125,914 (31 December 2006 : 1,398,842,096).

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

	Group		Company	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	<u>1.50</u>	<u>1.28</u>	<u>1.49</u>	<u>1.62</u>

The NAV per share as at 31 December 2007 is calculated based on 1,610,125,914 (31 December 2006: 1,398,842,096) 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 a quarter-to quarter basis, increased mainly due to higher sales from DMS business as a result of expansion of franchisees and wholesale as well as prepaid card businesses.

In FY2007, the Group reported a rise in revenue from S\$268.7 million in FY2006 to S\$288.1 million, equivalent to a 7.2% rise in revenue. This is mainly due to an increase in DMS revenue of S\$30.7 million or 14.3% from franchisees and wholesale as well as prepaid card businesses. This is partially offset by a decrease in AMS revenue of S\$11.3 million or 21.0% due to the disposal of the New Zealand business, lower revenue from Australia business and cessation and re-structuring activities.

Profit/(Loss) after income tax

Excluding one-off items, currency exchange, finance cost and taxes, the Group recorded an operating loss of \$0.3 million in Q4-07 as compared to an operating loss of \$2.1 million in Q4-06.

In Q4-07, the Group reported a profit after tax of \$0.7 million as compared to a net loss of \$2.0 million in Q4-06 mainly due to the reversal of provision for doubtful other receivables (refer to Note A, Page 3).

Net loss for FY2007 was \$0.5 million as compared to a loss of \$32.9 million in FY2006. (Excluding one-off expenses of \$21.3 million, FY2006 loss is \$11.6 million).

Cash Flows

On a year-on-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

On 10 January 2008, approval was obtained by shareholders at the Company's extraordinary general meeting to approve the issue of up to S\$32.0 million redeemable non-recallable structured convertible notes. The proceeds from the convertible notes issue shall be used to expand the Group's current businesses as well as develop new businesses/markets. The convertible notes issue, upon completion, will further strengthen the balance sheet and improve the cash position of the Group.

The Group, on 30 January 2008, announced a proposed acquisition in 51% of shareholdings in Em@gination (Singapore) Pte Ltd. This new business segment will further enhance the value chain of the Group's after-market-services as well as retail and distribution business by leveraging on the Group's current infrastructural network.

On 20 February 2008, the Group signed the Debt Restructuring Agreement and Bond Issue Agreement with its lenders. These agreements will together reduce the borrowings of the Group and reactivate its credit facilities.

While general economic conditions are expected to be more volatile and the industry continues to be more competitive, the Group has nevertheless been aggressively streamlining its operations and businesses over the last 2 years, and is more efficient as a result.

Barring any unforeseen circumstances, FY2008 is expected to show further improvements.

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 Indonesia, Thailand, Malaysia, India, Vietnam, United Arab Emirates and Singapore.

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

South Pacific comprises Australia and New Zealand.

The services centres in New Zealand, Indonesia, Thailand, Vietnam and United Arab Emirates ceased in the year of 2007.

Primary segment information for the Group based on Geographical segments for the year ended 31 December 2007 is as follows.

<u>By Geographical Operations</u>	South Asia	North Asia	South Pacific	Consolidated
	\$'000	\$'000	\$'000	\$'000
31 December 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)
Loss before income tax				166
Income tax expense				(636)
Loss after income tax				(470)
31 December 2006				
REVENUE				
External sales	238,061	7,301	23,370	268,732
RESULTS				
Segment result	(21,095)	(2,272)	(7,658)	(31,025)
Finance costs				(1,655)
Loss before income tax				(32,680)
Income tax expense				(206)
Loss after income tax				(32,886)

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>	
	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	<u>288,066</u>	<u>268,732</u>	<u>89,334</u>	<u>106,812</u>	<u>1073</u>	<u>1,058</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 increased primarily due to higher sales from DMS business.

North Asia and South Pacific revenue decreased mainly due to lower sales in the particular region and disposal of New Zealand business.

BY ORDER OF THE BOARD

Huang Wenjian Eugene
Company Secretary

29 February 2008