



**mDR Limited**  
**2009 – First 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	Q1-09	Q1-08	YTD Inc/(Dec) %
<b>Revenue</b>	<b>1(a)(i)</b>	44,896	68,361	-34%
<b>Cost of sales</b>	<b>1(a)(i)</b>	<u>(37,864)</u>	<u>(59,269)</u>	36%
<b>Gross profit</b>	<b>1(a)(i)</b>	7,032	9,092	-23%
Other operating income	<b>1(a)(ii)</b>	45	1,354	-97%
Administrative expenses	<b>1(a)(iii)</b>	(5,889)	(8,435)	30%
Other operating expenses	<b>1(a)(iv)</b>	(158)	(3,295)	95%
Finance cost	<b>1(a)(v)</b>	<u>(234)</u>	<u>(345)</u>	32%
<b>Net expenses</b>		(6,236)	(10,721)	42%
<b>Profit / (Loss) before income tax</b>		796	(1,629)	149%
Income tax expense	<b>1(a)(vi)</b>	<u>(13)</u>	<u>165</u>	-108%
<b>Profit / (Loss) for the period</b>		<u>783</u>	<u>(1,464)</u>	153%
<b><u>Attributable to:</u></b>				
<i>Equity holders of the parent company</i>		833	(1,587)	152%
<i>Minority interests</i>		(50)	123	-141%
<b>Loss attributable to shareholders</b>		<u>783</u>	<u>(1,464)</u>	153%

## 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	Q1-09	Q1-08
<b><u>Revenue</u></b>		
AMS	6,634	8,262
DMS	38,262	60,099
	<u>44,896</u>	<u>68,361</u>
<b><u>Cost of Goods Sold and Spare Parts</u></b>		
AMS	(3,302)	(3,774)
DMS	(34,562)	(55,495)
	<u>(37,864)</u>	<u>(59,269)</u>
<b><u>Gross Profit</u></b>		
AMS	3,332	4,488
DMS	3,700	4,604
	<u>7,032</u>	<u>9,092</u>

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

In S\$'000	Q1-09	Q1-08
Interest income	6	22
Rental income	34	40
Refund of GST	-	682
Negative goodwill released to income	-	63
Compensation – Contract termination	-	484
Write back of accounts payable	-	45
Others	5	18
	<u>45</u>	<u>1,354</u>

## 1(a)(iii) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q1-09	Q1-08
<b><u>Staff Cost</u></b>		
AMS	2,903	4,375
DMS	1,684	2,125
	<u>4,587</u>	<u>6,500</u>

The lower administrative expenses for Q1-09 compared to the corresponding period in 2008 is mainly due to the decrease in staff cost in the AMS business operations.

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

In S\$'000	Q1-09	Q1-08
Minimum lease payments under operating lease	1,734	1,845
Depreciation expenses	328	373
Reversal of impairment on fixed assets	(22)	-
(Gain) / Loss on disposal of fixed assets	(4)	(15)
Allowance for doubtful trade receivables	-	11
Allowance for doubtful other receivables	7	-
Reversal / (Provision) of allowance for inventories	(2)	114
(Gain) / Loss on currency translation (Note I)	(1,883)	967
	<u>158</u>	<u>3,295</u>

Note I : The Group's inter-company balances are mainly denominated in Singapore Dollar ("SGD") and US Dollar ("USD"). During Q1-09, the USD and Hong Kong Dollar have appreciated against the SGD. The foreign exchange gain of \$1.9 million is due to translation gain on revaluation of such inter-company balances which were affected by the aforementioned currency fluctuations.

#### 1(a)(v) Finance cost

Finance cost comprises mainly interest expense arising from loans drawn down for operating and investment 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-Mar-09	Group 31-Dec-08	Company 31-Mar-09	Company 31-Dec-08
<b>ASSETS</b>					
<b>Current assets</b>					
Cash		8,713	9,714	79	342
Cash pledged		101	101	101	101
Trade receivables	A	22,674	28,505	6,896	6,897
Other receivables and prepayments	B	4,939	6,573	11,987	11,937
Inventories	C	11,047	8,557	264	306
		<u>47,474</u>	<u>53,450</u>	<u>19,327</u>	<u>19,583</u>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	15,483	15,483
Plant and equipment		3,519	3,637	390	414
Goodwill on consolidation		3,087	3,087	-	-
Other goodwill		2,500	2,500	-	-
		<u>9,106</u>	<u>9,224</u>	<u>15,873</u>	<u>15,897</u>
<b>Total assets</b>		<u><u>56,580</u></u>	<u><u>62,674</u></u>	<u><u>35,200</u></u>	<u><u>35,480</u></u>
<b>Current liabilities</b>					
Bank overdraft		8,878	8,893	2,212	2,215
Trade payables	D	11,889	12,840	601	660
Other payables	E	11,135	13,993	10,598	10,275
Income tax payable		695	692	-	-
Obligations under finance leases		9	14	-	-
Convertible notes / bonds	F	11,450	12,850	11,450	12,850
Fair Value adjustment of convertible loan notes	G	3,866	3,866	3,866	3,866
		<u>47,922</u>	<u>53,148</u>	<u>28,727</u>	<u>29,866</u>
<b>Non-current liabilities</b>					
Obligations under finance leases		1	-	-	-
Deferred tax		217	214	-	-
		<u>218</u>	<u>214</u>	<u>-</u>	<u>-</u>
<b>Equity</b>					
Issued capital	1(d)(i)	100,044	99,894	100,044	99,894
Capital redemption reserve		22	22	22	22
Share options reserve		2,162	2,161	2,162	2,161
Foreign currency translation reserve		2,482	4,289	-	-
Revenue reserve		(98,821)	(99,655)	(95,755)	(96,463)
<b>Equity attributable to equity holders of the parent company</b>		<u>5,889</u>	<u>6711</u>	<u>6,473</u>	<u>5,614</u>
Minority interests		2,551	2,601	-	-
		<u><u>56,580</u></u>	<u><u>62,674</u></u>	<u><u>35,200</u></u>	<u><u>35,480</u></u>

**(A) Trade receivables**

The trade receivables turnover is 45 days as at 31 March 2009 (31 December 2008 : 39 days). The increase is mainly due to deferred receivables from customers during the current economic slowdown.

**(B) Other receivables and prepayments**

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

S\$'000	Group	
	<u>31-Mar-09</u>	<u>31-Dec-08</u>
Recoverables	2,279	3,151
Deposits	1,975	2,003
Prepayments	171	859
Accrued interest receivables	<u>3</u>	<u>13</u>

**(C) Inventories**

The inventory turnover is 26 days as at 31 March 2009 (31 December 2008: 13 days).

**(D) Trade payables**

Trade payables turnover is 28 days as at 31 March 2009 (31 December 2008 : 24 days).

**(E) Other payables**

The major components of other payables are tabulated below :

S\$'000	Group	
	<u>31-Mar-09</u>	<u>31-Dec-08</u>
Amount owing to related parties	560	255
Other payables to third parties	1,973	1,967
Accrued staff related expenses	1,534	1,429
Accrued operating expenses	6,351	9,626
Accrued restructuring costs	<u>658</u>	<u>658</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 \$2.3 million was subsequently converted into ordinary shares as at 31 March 2009.

**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. As at 31 March 2009, the Company has repaid a total of \$1.25 million to the bondholders.

**(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 March 2009		As at 31 December 2008	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
9	19,628	14	20,893

#### Note :

The unsecured borrowings of \$19.63 million comprises of :-

- a) \$8.88 million bank overdraft facilities and
- b) \$10.75 million convertible bonds *[Please refer to 1 (d) (ii) (ii), page 10]*

### Amount repayable after one year

As at 31 March 2009		As at 31 December 2008	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	-	-

### 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	Q1-09	Q1-08
<b>Operating activities</b>		
<b>Loss before income tax</b>	<b>796</b>	<b>(1,629)</b>
Adjustments for		
Depreciation expenses	328	373
Interest expense	234	345
Interest income	(6)	(22)
(Gain) / Loss on disposal of plant and equipment	(4)	(15)
Reversal of impairment on plant and equipment	(21)	-
Allowance for doubtful trade receivables	-	11
Write-off / (Write-back) of bad debts	7	(45)
Negative goodwill released to income	-	(63)
(Reversal) / Provision of allowance for inventories	(2)	114
<b>Operating cash flows before movements in working capital</b>	<b>1,332</b>	<b>(931)</b>
Trade receivables	5,831	4,499
Other receivables and prepayments	1,627	1,409
Inventories	(2,488)	(1,772)
Trade payables	(951)	1,139
Other payables	(2,858)	(7,967)
<b>Cash used in operations</b>	<b>2,493</b>	<b>(3,623)</b>
Interest received	6	22
Income tax paid	(7)	148
<b>Net cash used in operating activities</b>	<b>2,492</b>	<b>(3,453)</b>
<b>Investing activities</b>		
Purchase of plant and equipment	(226)	(293)
Proceeds from disposal of plant and equipment	41	51
<b>Net cash from (used in) investing activities:</b>	<b>(185)</b>	<b>(242)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	150	500
Expenses in relation to issuance of convertible notes	-	(640)
Interest paid	(234)	(345)
Decrease in finance lease	(4)	(59)
Proceeds from issuance of convertible notes	-	2,500
Fixed deposits subject to restriction	-	(1,699)
Redemption of convertible bonds	(1,250)	-
Decrease of convertible bonds / notes	(150)	-
Increase of bank loans	-	391
<b>Net cash used in financing activities</b>	<b>(1,488)</b>	<b>648</b>
<b>Net effect of foreign exchange rate changes</b>	<b>(1,805)</b>	<b>1,063</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(986)</b>	<b>(1,984)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>821</b>	<b>2,118</b>
<b>Cash and cash equivalents at end of period</b>	<b>(165)</b>	<b>134</b>

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

<b>In S\$'000</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
Cash	8,814	10,969
Bank overdrafts	(8,878)	(8,984)
Less: Cash subject to restriction	<u>(101)</u>	<u>(1,851)</u>
	<u><u>(165)</u></u>	<u><u>134</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>Group (3 months ended 31 March 2008)</b>								
Balance as at 1 January 2008	98,055	22	3,015	789	(77,786)	24,095	3,781	27,876
Net profit / (loss) for the period	-	-	-	-	(1,587)	(1,587)	123	(1,464)
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	500	-	-	-	-	500	-	500
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	(63)	(63)
Foreign currency translation	-	-	-	1,063	-	1,063	-	1,063
<b>Balance as at 31 March 2008</b>	<b>97,915</b>	<b>22</b>	<b>3,015</b>	<b>1,852</b>	<b>(79,373)</b>	<b>23,431</b>	<b>3,841</b>	<b>27,272</b>
<b>Group (3 months ended 31 March 2009)</b>								
Balance as at 1 January 2009	99,894	22	2,162	4,289	(99,654)	6,713	2,601	9,314
Net profit / (loss) for the period	-	-	-	-	833	833	(50)	783
Issue of shares upon conversion of convertible notes	150	-	-	-	-	150	-	150
Foreign currency translation	-	-	-	(1,806)	-	(1,806)	-	(1,806)
<b>Balance as at 31 March 2009</b>	<b>100,044</b>	<b>22</b>	<b>2,162</b>	<b>2,483</b>	<b>(98,821)</b>	<b>5,890</b>	<b>2,551</b>	<b>8,441</b>
<b>Company (3 months ended 31 March 2008)</b>								
Balance as at 1 January 2008	98,055	22	3,015	-	(83,359)	17,733	-	17,733
Net profit / (loss) for the period	-	-	-	-	(1,623)	(1,623)	-	(1,623)
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	500	-	-	-	-	500	-	500
<b>Balance as at 31 March 2008</b>	<b>97,915</b>	<b>22</b>	<b>3,015</b>	<b>-</b>	<b>(84,982)</b>	<b>15,970</b>	<b>-</b>	<b>15,970</b>
<b>Company (3 months ended 31 March 2009)</b>								
Balance as at 1 January 2009	99,894	22	2,162	-	(96,463)	5,615	-	5,615
Net profit / (loss) for the period	-	-	-	-	708	708	-	708
Issue of shares upon conversion of convertible notes	150	-	-	-	-	150	-	150
<b>Balance as at 31 March 2009</b>	<b>100,044</b>	<b>22</b>	<b>2,162</b>	<b>-</b>	<b>(95,755)</b>	<b>6,473</b>	<b>-</b>	<b>6,473</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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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 March 2009, the issued ordinary shares of the Company numbered 1,801,394,418. During the quarter, the Company issued 16,666,666 ordinary shares that arose from the conversion of convertible notes.

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 March 2009 under the Scheme were as follows:

<u>Date of grant</u>	<u>Balance as at 1 January 2009 or grant date if later</u>	<u>Lapsed/ Cancelled</u>	<u>Balance as at 31 March 2009</u>	<u>Subscription Price</u>	<u>Expiry date</u>
17 September 2003	1,388,566	(154,285)	1,234,281	\$0.3111	16 September 2013
14 April 2004	10,298,555	(96,428)	10,202,127	\$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	22,000,000	-	22,000,000	\$0.0300	12 May 2018
	<u>46,013,121</u>	<u>(250,713)</u>	<u>45,762,408</u>		

Conversion of outstanding convertibles

<u>31 March 2009</u>	<u>31 March 2008</u>
<u>1,424,382,716</u>	NIL

- i) On the convertible notes amounting to \$700,000, number of shares that may be issued is 97,222,222.
- ii) On the convertible bonds amounting to \$10.75 million, the bondholders may choose to convert to ordinary shares or to receive repayment in instalments, \$0.25 million due on or before 5 April 2009, \$0.25 million due on or before 5 May 2009, \$0.25 million due on or before 5 June 2009, \$2.0 million due on 30 June 2009, \$4.0 million due on 31 December 2009 and \$4.0 million due on 30 June 2010. The number of shares that may be issued for \$10.75 million convertible bonds as at 31 March 2009 is 1,327,160,494.

**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>2009</u>	<u>2008</u>
	Number of ordinary shares	
Issued and paid up:	<u>1,801,394,418</u>	<u>1,784,727,752</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 2009 to 31 March 2009 have not been audited nor reviewed by our auditors.

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

Not applicable.

**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 2008.

**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 2009.

**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> (based on consolidated net loss attributable to equity holders of the Company)	<b>YTD</b>	
	<b>31-Mar-09</b>	<b>31-Mar-08</b>
	<b>Cents</b>	<b>Cents</b>
- Basic	0.05	(0.09)
- Fully diluted	<u>0.04</u>	<u>(0.09)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 1,798,023,632 (31 March 2008 : 1,694,157,904).

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 2,288,737,456 (31 March 2008 : 1,694,157,904).

**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**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-09</b>	<b>31-Dec-08</b>	<b>31-Mar-09</b>	<b>31-Dec-08</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Net Asset Value ("NAV") per share	<u>0.33</u>	<u>0.39</u>	<u>0.36</u>	<u>0.32</u>

The NAV per share as at 31 March 2009 is calculated based on 1,798,023,632 (31 December 2008: 1,737,728,536) 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 34% to \$44.9 million. This is mainly due to:-

- i) decrease in DMS revenue of \$21.8 million due to lower distribution businesses;
- ii) decrease in AMS revenue of \$1.6 million due to disposal of non-profitable subsidiaries and lower revenue from Australia and India businesses.

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

In Q1-09, the Group reported a profit after tax of \$0.8 million compared to a net loss of \$1.5 million in Q1-08. The improvement is mainly due to currency translation gain of \$1.88 million arising from the strengthening of US Dollar and Hong Kong Dollar against Singapore Dollar. *[For more details, please refer to 1(a) (iv), page 3]*

At the operating level, the Group recorded an operating loss of \$0.6 million in Q1-09 as compared to an operating loss of \$1.2 million in Q1-08, mainly due to lower administrative expenses. *[For adjustment to profit after tax, please refer to 1(a) (iv), page 3]*

**Cash Flows**

The net decrease in cash and cash equivalents was attributed mainly to the redemption of convertible bonds.

- 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 Group has negotiated with its lenders, a variation of the first redemption of \$2.0 million of the \$12.0 million convertible bonds. As at 31 March 2009, \$1.25 million of the \$2.0 million has been repaid on schedule. 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.

While the general economic conditions remain difficult, the Group is mindful of the need to manage its operations more effectively.

**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**

**14 May 2009**

## **Negative Assurance Confirmation Under Rule 705(5) of the Listing Manual**

We, Mah Kah On 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 our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter 2009 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Mah Kah On  
Chairman of Audit Committee

Tong Choo Cherng  
Chief Executive Officer

Singapore, 14 May 2009