



**mDR Limited**  
**2009 – 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	Q2-09	Q2-08	YTD 30-Jun-09	YTD 30-Jun-08	Q2 Inc/(Dec) %	YTD Inc/(Dec) %
<b>Revenue</b>	<b>1(a)(i)</b>	58,634	66,858	103,530	135,219	-12%	-23%
<b>Cost of sales</b>	<b>1(a)(i)</b>	<u>(51,216)</u>	<u>(57,914)</u>	<u>(89,080)</u>	<u>(117,183)</u>	12%	24%
<b>Gross profit</b>	<b>1(a)(i)</b>	7,418	8,944	14,450	18,036	-17%	-20%
Other operating income	<b>1(a)(ii)</b>	107	135	152	1,489	-21%	-90%
Administrative expenses	<b>1(a)(iii)</b>	(5,688)	(8,168)	(11,577)	(16,603)	30%	30%
Other operating expenses	<b>1(a)(iv)</b>	(670)	(877)	(828)	(4,172)	24%	80%
Finance cost	<b>1(a)(v)</b>	<u>(229)</u>	<u>(334)</u>	<u>(463)</u>	<u>(679)</u>	31%	32%
<b>Net expenses</b>		(6,480)	(9,244)	(12,716)	(19,965)	30%	36%
<b>Profit / (Loss) before income tax</b>		938	(300)	1,734	(1,929)	413%	190%
Income tax expense	<b>1(a)(vi)</b>	<u>(88)</u>	<u>(93)</u>	<u>(101)</u>	<u>72</u>	5%	-240%
<b>Profit / (Loss) for the period</b>		<u>850</u>	<u>(393)</u>	<u>1,633</u>	<u>(1,857)</u>	317%	188%
<b><u>Attributable to:</u></b>							
Equity holders of the parent company		1,000	(463)	1,833	(2,050)	316%	189%
Minority interests		(150)	70	(200)	193	-314%	-204%
<b>Profit / (Loss) attributable to shareholders</b>		<u>850</u>	<u>(393)</u>	<u>1,633</u>	<u>(1,857)</u>	317%	188%

**Statements of comprehensive income for the quarter ended 30 June 2009**

In S\$'000	Q2-09	Q2-08	YTD 30-Jun-09	YTD 30-Jun-08	Q2 Inc/(Dec) %	YTD Inc/(Dec) %
<b>Profit / (Loss) for the period after tax</b>	850	(393)	1,633	(1,857)	316%	188%
<b>Other comprehensive income</b>						
Translation differences relating to financial statements of foreign subsidiaries	<u>(820)</u>	<u>483</u>	<u>(2,626)</u>	<u>1,545</u>	-270%	-270%
<b>Total comprehensive income for the period</b>	<u>30</u>	<u>90</u>	<u>(993)</u>	<u>(312)</u>	-67%	-218%
<b><u>Attributable to:</u></b>						
Equity holders of the parent company	180	20	(793)	(505)	800%	-57%
Minority interests	<u>(150)</u>	<u>70</u>	<u>(200)</u>	<u>193</u>	-314%	-204%
<b>Total comprehensive income for the period</b>	<u>30</u>	<u>90</u>	<u>(993)</u>	<u>(312)</u>	-67%	-218%

### 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	Q2-09	Q2-08	YTD 30-Jun-09	YTD 30-Jun-08
<b><u>Revenue</u></b>				
AMS	6,272	8,296	12,906	16,558
DMS	52,362	58,562	90,624	118,661
	<u>58,634</u>	<u>66,858</u>	<u>103,530</u>	<u>135,219</u>
<b><u>Cost of Goods Sold and Spare Parts</u></b>				
AMS	(3,120)	(4,084)	(6,422)	(7,858)
DMS	(48,096)	(53,830)	(82,658)	(109,325)
	<u>(51,216)</u>	<u>(57,914)</u>	<u>(89,080)</u>	<u>(117,183)</u>
<b><u>Gross Profit</u></b>				
AMS	3,152	4,212	6,484	8,700
DMS	4,266	4,732	7,966	9,336
	<u>7,418</u>	<u>8,944</u>	<u>14,450</u>	<u>18,036</u>

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

In S\$'000	Q2-09	Q2-08	YTD 30-Jun-09	YTD 30-Jun-08
Interest income	5	12	11	34
Rental income	66	47	100	87
Bad debt recovered	-	31	-	31
Write back of accounts payable	-	-	-	45
Write back of debts due to liquidation of subsidiary	-	33	-	33
Negative goodwill released to income	-	-	-	63
Refund of GST	-	-	-	682
Compensation – Contract termination	-	-	-	484
Gain on divestment of business	34	-	34	-
Others	2	12	7	30
	<u>107</u>	<u>135</u>	<u>152</u>	<u>1,489</u>

### 1(a)(iii) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q2-09	Q2-08	YTD 30-Jun-09	YTD 30-Jun-08
<b><u>Staff Cost</u></b>				
AMS	2,565	4,285	5,468	8,660
DMS	1,744	1,961	3,428	4,086
	<u>4,309</u>	<u>6,246</u>	<u>8,896</u>	<u>12,746</u>

The lower administrative expenses for Q2-09 compared to the corresponding period in 2008 is mainly due to the decrease in staff cost in AMS business operations.

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

In S\$'000	Q2-09	Q2-08	YTD 30-Jun-09	YTD 30-Jun-08
Minimum lease payments under operating lease	1,550	1,771	3,284	3,616
Depreciation expenses	266	380	594	753
Provision / (Reversal) of impairment on fixed assets	1	-	(21)	-
Accelerated write-off of software license (Note I)	380	-	380	-
(Gain) / Loss on disposal of fixed assets	(14)	39	(18)	24
(Reversal) / Provision of doubtful trade receivables	(3)	10	(3)	21
(Reversal) / Provision of allowance for doubtful other receivables	(3)	(1,799)	4	(1,799)
Provision / (Reversal) of allowance for inventories	-	21	(2)	135
(Gain) / Loss on foreign exchange (Note II)	(862)	455	(2,745)	1,422
Fair value adjustments for convertible bonds	(645)	-	(645)	-
	<u>670</u>	<u>877</u>	<u>828</u>	<u>4,172</u>

Note I : This represents loss on accelerated write-off of software license which is no longer required following the closure of the Mobile Value-Added Service entity.

Note II : The Group's inter-company balances are mainly denominated in Singapore Dollar ("SGD") and US Dollar ("USD"). During Q2-09, the USD has depreciated against SGD and Australian Dollar. The foreign exchange gain of \$0.9 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 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) Statements of financial position (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-09	Group 31-Dec-08	Company 30-Jun-09	Company 31-Dec-08
<b>ASSETS</b>					
<b>Current assets</b>					
Cash		9,000	9,714	1,394	342
Cash pledged		101	101	101	101
Trade receivables	A	22,948	28,505	6,699	6,897
Other receivables and prepayments	B	6,627	6,573	10,686	11,937
Inventories	C	10,751	8,557	264	306
<b>Total current assets</b>		<b>49,427</b>	<b>53,450</b>	<b>19,144</b>	<b>19,583</b>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	15,483	15,483
Plant and equipment		2,641	3,637	364	414
Goodwill on consolidation		3,087	3,087	-	-
Other goodwill		2,500	2,500	-	-
<b>Total non-current assets</b>		<b>8,228</b>	<b>9,224</b>	<b>15,847</b>	<b>15,897</b>
<b>Total assets</b>		<b>57,655</b>	<b>62,674</b>	<b>34,991</b>	<b>35,480</b>
<b>Current liabilities</b>					
Bank overdraft		8,872	8,893	2,209	2,215
Trade payables	D	12,063	12,840	765	660
Other payables	E	10,682	13,993	9,707	10,275
Income tax payable		747	692	-	-
Obligations under finance leases		5	14	-	-
Convertible notes / bonds	F	10,050	12,850	10,050	12,850
Fair Value adjustment of convertibles	G	3,221	3,866	3,221	3,866
<b>Total current liabilities</b>		<b>45,640</b>	<b>53,148</b>	<b>25,952</b>	<b>29,866</b>
<b>Non-current liabilities</b>					
Obligations under finance leases		1	-	-	-
Deferred tax		215	214	-	-
<b>Total non-current liabilities</b>		<b>216</b>	<b>214</b>	<b>-</b>	<b>-</b>
<b>Equity</b>					
Issued capital	1(d)(i)	103,374	99,894	103,374	99,894
Capital redemption reserve		22	22	22	22
Share options reserve		2,162	2,161	2,162	2,161
Foreign currency translation reserve		1,663	4,289	-	-
Revenue reserve		(97,823)	(99,655)	(96,519)	(96,463)
<b>Equity attributable to owners of the parent company</b>		<b>9,398</b>	<b>6,711</b>	<b>9,039</b>	<b>5,614</b>
Minority interests		2,401	2,601	-	-
<b>Total equity and liabilities</b>		<b>57,655</b>	<b>62,674</b>	<b>34,991</b>	<b>35,480</b>

**(A) Trade receivables**

The trade receivables turnover days is 40 as at 30 June 2009 (31 December 2008 : 39 days).

**(B) Other receivables and prepayments**

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

S\$'000	Group	
	<u>30-Jun-09</u>	<u>31-Dec-08</u>
Related parties	879	966
Recoverables	2,070	3,151
Deposits	2,035	2,003
Prepayments	1,504	859
Accrued interest receivables	<u>6</u>	<u>13</u>

**(C) Inventories**

The inventory turnover is 22 days for the quarter ended 30 June 2009 (31 December 2008 : 13 days ; 31 March 2009 : 26 days).

For FY2008, the average inventory level was \$15.0 million and as at 31 December 2008, it was \$8.6 million, the lowest level for the year following the scaling down of distribution and trading business and expected lower demand in Q1-09.

Group inventory as at 30 June 2009 is \$10.8 million (31 March 2009 : \$11.0 million) and is mainly new stock for forward demand.

**(D) Trade payables**

Trade payables turnover days is 25 as at 30 June 2009 (31 December 2008 : 24 days).

**(E) Other payables**

The major components of other payables are tabulated below :

S\$'000	Group	
	<u>30-Jun-09</u>	<u>31-Dec-08</u>
Amount owing to related parties	219	255
Other payables to third parties	1,569	1,967
Accrued staff related expenses	1,693	1,429
Accrued operating expenses	6,486	9,626
Accrued restructuring costs	<u>658</u>	<u>658</u>

**(F) Convertible notes (Balance \$0.05 million)**

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. As at 30 June 2009, the Company has issued a total of \$6.0 million convertible notes, of which \$5.95 million has been converted into ordinary shares.

**Convertible bonds (Balance \$10.0 million)**

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 30 June 2009, the Company has repaid a total of \$2.0 million to the bondholders.

**(G) Fair value adjustment of convertibles**

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 30 June 2009		As at 31 December 2008	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
5	18,872	14	20,893

#### Note :

The unsecured borrowings of \$18.9 million comprises of :-

- a) \$8.9 million bank overdraft facilities and
- b) \$10.0 million convertible bonds [*Please refer to 1 (d) (ii) (ii), page 12*]

### Amount repayable after one year

As at 30 June 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 statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

In S\$'000	Q2-09	Q2-08	YTD 30-Jun-09	YTD 30-Jun-08
<b>Operating activities</b>				
<b>Profit (Loss) before income tax</b>	<b>938</b>	<b>(300)</b>	<b>1,734</b>	<b>(1,929)</b>
Adjustments for				
Depreciation expense	266	380	594	753
Interest expense	229	334	463	679
Interest income	(5)	(12)	(11)	(34)
Accelerated write-off of software licence	380	-	380	-
(Gain) / loss on disposal of plant and equipment	(14)	39	(18)	24
Reversal of allowance for doubtful other receivables	-	(1,799)	-	(1,799)
Reversal of impairment on plant and equipment	-	-	(21)	-
Allowance for doubtful trade receivables	(68)	10	(68)	21
Provision / (Reversal) of allowance for inventories	-	21	(2)	135
Write off of non-trade debts	(3)	633	4	633
Write back of trade bad debts	66	(665)	66	(710)
Negative goodwill released to income	-	-	-	(63)
Fair value adjustments on convertible bonds	(645)	-	(645)	-
<b>Operating cash flows before movements in working capital</b>	<b>1,144</b>	<b>(1,359)</b>	<b>2,476</b>	<b>(2,290)</b>
Trade receivables	(206)	3,461	5,625	7,960
Other receivables and prepaid expenses	(1,685)	(1,391)	(58)	18
Inventories	296	(1,988)	(2,192)	(3,760)
Trade payables	108	(141)	(843)	998
Other payables	(453)	(983)	(3,311)	(8,950)
<b>Cash used in operations</b>	<b>(796)</b>	<b>(2,401)</b>	<b>1,697</b>	<b>(6,024)</b>
Interest received	5	12	11	34
Income tax paid	(38)	(422)	(45)	(274)
<b>Net cash used in operating activities</b>	<b>(829)</b>	<b>(2,811)</b>	<b>1,663</b>	<b>(6,264)</b>
<b>Investing activities</b>				
Purchase of plant and equipment (Note I)	153	(236)	(73)	(529)
Proceeds from disposal of plant and equipment	93	17	134	68
<b>Net cash (used in) / generated from investing activities:</b>	<b>246</b>	<b>(219)</b>	<b>61</b>	<b>(461)</b>
<b>Financing activities</b>				
Proceeds from issue of shares	3,650	1,000	3,800	1,500
Expenses in relation to issuance of convertible notes	(320)	-	(320)	(640)
Interest paid	(229)	(334)	(463)	(679)
Repayment of finance lease	(4)	(24)	(8)	(83)
Proceeds from issuance of convertible notes / bonds	-	11,000	-	13,500
Fixed deposits subject to restriction	-	-	-	(1,699)
Redemption of convertible bonds	(750)	-	(2,000)	-
Decrease of convertible bonds / notes	(650)	-	(800)	-
Repayment of bank loans	-	(12,000)	-	(11,609)
<b>Net cash (used in) / generated from financing activities</b>	<b>1,697</b>	<b>(358)</b>	<b>209</b>	<b>290</b>
<b>Net effect of foreign exchange rate changes</b>	<b>(821)</b>	<b>481</b>	<b>(2,626)</b>	<b>1,544</b>
<b>Net (decrease) increase in cash &amp; cash equivalents</b>	<b>293</b>	<b>(2,907)</b>	<b>(693)</b>	<b>(4,891)</b>
<b>Cash &amp; cash equivalents at beginning of year</b>	<b>(165)</b>	<b>134</b>	<b>821</b>	<b>2,118</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>128</b>	<b>(2,773)</b>	<b>128</b>	<b>(2,773)</b>

Note I : After netting S\$300,000 discount for software license

**1(c)(i) Cash and cash equivalent at end of financial year :**

<b>In S\$'000</b>	<b>30-Jun-09</b>	<b>30-Jun-08</b>
Cash	9,101	7,906
Bank overdraft	(8,872)	(8,828)
Less: Cash subject to restriction	<u>(101)</u>	<u>(1,851)</u>
	<u>128</u>	<u>(2,773)</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 30 June 2008)</b>								
Balance as at 1 April 2008	97,915	22	3,015	1,851	(79,373)	23,430	3,841	27,271
Total comprehensive income / (expense) for the period	-	-	-	483	(463)	20	70	90
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	1,000	-	-	-	-	1,000	-	1,000
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2008</b>	<b>98,915</b>	<b>22</b>	<b>3,015</b>	<b>2,334</b>	<b>(79,836)</b>	<b>24,450</b>	<b>3,911</b>	<b>28,361</b>
<b>Group (3 months ended 30 June 2009)</b>								
Balance as at 1 April 2009	100,044	22	2,162	2,483	(98,822)	5,889	2,551	8,440
Total comprehensive income / (expense) for the period	-	-	-	(820)	1,000	180	(150)	30
Expenses in relation to issuance of convertible notes	(320)	-	-	-	-	(320)	-	(320)
Issue of shares upon conversion of convertible notes	3,650	-	-	-	-	3,650	-	3,650
<b>Balance as at 30 June 2009</b>	<b>103,374</b>	<b>22</b>	<b>2,162</b>	<b>1,663</b>	<b>(97,822)</b>	<b>9,399</b>	<b>2,401</b>	<b>11,800</b>
<b>Company (3 months ended 30 June 2008)</b>								
Balance as at 1 April 2008	97,915	22	3,015	-	(84,982)	15,970	-	15,970
Total comprehensive income / (expense) for the period	-	-	-	-	(3,682)	(3,682)	-	(3,682)
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	1,000	-	-	-	-	1,000	-	1,000
<b>Balance as at 30 June 2008</b>	<b>98,915</b>	<b>22</b>	<b>3,015</b>	<b>-</b>	<b>(88,664)</b>	<b>13,288</b>	<b>-</b>	<b>13,288</b>
<b>Company (3 months ended 30 June 2009)</b>								
Balance as at 1 April 2009	100,044	22	2,162	-	(95,755)	6,473	-	6,473
Total comprehensive income / (expense) for the period	-	-	-	-	(764)	(764)	-	(764)
Expenses in relation to issuance of convertible notes	(320)	-	-	-	-	(320)	-	(320)
Issue of shares upon conversion of convertible notes	3,650	-	-	-	-	3,650	-	3,650
<b>Balance as at 30 June 2009</b>	<b>103,374</b>	<b>22</b>	<b>2,162</b>	<b>-</b>	<b>(96,519)</b>	<b>9,039</b>	<b>-</b>	<b>9,039</b>

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 (6 months ended 30 June 2008)</b>								
<b>Balance as at 1 January 2008</b>	98,055	22	3,015	789	(77,786)	24,095	3,781	27,876
Total comprehensive income / (expense) for the period	-	-	-	1,545	(2,050)	(505)	193	(312)
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	1,500	-	-	-	-	1,500	-	1,500
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	(63)	(63)
<b>Balance as at 30 June 2008</b>	<u>98,915</u>	<u>22</u>	<u>3,015</u>	<u>2,334</u>	<u>(79,836)</u>	<u>24,450</u>	<u>3,911</u>	<u>28,361</u>
<b>Group (6 months ended 30 June 2009)</b>								
<b>Balance as at 1 January 2009</b>	99,894	22	2,162	4,289	(99,655)	6,712	2,601	9,313
Total comprehensive income / (expense) for the period	-	-	-	(2,626)	1,833	(793)	(200)	(993)
Expenses in relation to issuance of convertible notes	(320)	-	-	-	-	(320)	-	(320)
Issue of shares upon conversion of convertible notes	3,800	-	-	-	-	3,800	-	3,800
<b>Balance as at 30 June 2009</b>	<u>103,374</u>	<u>22</u>	<u>2,162</u>	<u>1,663</u>	<u>(97,822)</u>	<u>9,399</u>	<u>2,401</u>	<u>11,800</u>
<b>Company (6 months ended 30 June 2008)</b>								
<b>Balance as at 1 January 2008</b>	98,055	22	3,015	-	(83,359)	17,733	-	17,733
Total comprehensive income / (expense) for the period	-	-	-	-	(5,305)	(5,305)	-	(5,305)
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	1,500	-	-	-	-	1,500	-	1,500
<b>Balance as at 30 June 2008</b>	<u>98,915</u>	<u>22</u>	<u>3,015</u>	<u>-</u>	<u>(88,664)</u>	<u>13,288</u>	<u>-</u>	<u>13,288</u>
<b>Company (6 months ended 30 June 2009)</b>								
<b>Balance as at 1 January 2009</b>	99,894	22	2,162	-	(96,463)	5,615	-	5,615
Total comprehensive income / (expense) for the period	-	-	-	-	(56)	(56)	-	(56)
Expenses in relation to issuance of convertible notes	(320)	-	-	-	-	(320)	-	(320)
Issue of shares upon conversion of convertible notes	3,800	-	-	-	-	3,800	-	3,800
<b>Balance as at 30 June 2009</b>	<u>103,374</u>	<u>22</u>	<u>2,162</u>	<u>-</u>	<u>(96,519)</u>	<u>9,039</u>	<u>-</u>	<u>9,039</u>

**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**

Issued Share Capital

As at 30 June 2009, the issued ordinary shares of the Company numbered 2,404,172,192. During the quarter, the Company issued 602,777,774 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 30 June 2009 under the Scheme were as follows:

<u>Date of grant</u>	<u>Balance at 1 January 2009 or grant date if later</u>	<u>Lapsed/ Cancelled</u>	<u>Balance at 30 June, 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	(308,569)	9,989,986	\$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	(500,000)	21,500,000	\$0.0300	12 May 2018
	<u>46,013,121</u>	<u>(962,854)</u>	<u>45,050,267</u>		

**Conversion of outstanding convertibles** (Refer to statement of financial position **Note F**, \$10.05 million convertibles)

	<u>30 June 2009</u>	<u>30 June 2008</u>
Number of Shares	<u>873,838,721</u>	NIL
i)	On the convertible notes amounting to \$50,000, number of shares that may be issued is 4,273,504.	
ii)	On the convertible bonds amounting to \$10.00 million, the bondholders may choose to convert to ordinary shares or to receive repayment in a manner set out below :-	
	a) \$1.0 million due on or before 3 July 2009;	
	b) \$0.1 million due on or before 31 July 2009;	
	c) \$0.1 million due on or before 31 August 2009;	
	d) \$0.1 million due on or before 30 September 2009;	
	e) \$0.1 million due on or before 31 October 2009;	
	f) \$0.1 million due on or before 30 November 2009;	
	g) \$4.5 million due on or before 31 December 2009;	
	h) \$4.0 million due on or before 30 June 2010.	

The number of shares that may be issued for \$10.0 million convertible bonds as at 30 June 2009 is 869,565,217.

**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>Number of ordinary shares</u>	
	<u>2009</u>	<u>2008</u>
Issued and paid up	<u>2,404,172,192</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 30 June 2009 have not been audited or 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>	<b>YTD</b>	<b>YTD</b>
(based on consolidated net profit / (loss)	<b>30-Jun-09</b>	<b>30-Jun-08</b>
attributable to equity holders of the Company)	<b>Cents</b>	<b>Cents</b>
- Basic	0.10	(0.03)
- Fully diluted	<u>0.05</u>	<u>(0.03)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 1,900,391,331 (30 June 2008 : 1,704,652,700).

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 2,291,386,701 (30 June 2008 : 1,704,652,700).

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-09</b>	<b>31-Dec-08</b>	<b>30-Jun-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>0.49</u>	<u>0.39</u>	<u>0.48</u>	<u>0.32</u>

The NAV per share as at 30 June 2009 is calculated based on 1,900,391,331 (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 12% to \$58.6 million. This is mainly due to:-

- i) decrease in DMS revenue of \$6.2 million due to lower distribution businesses;
- ii) decrease in AMS revenue of \$2.0 million due to disposal of non-profitable subsidiaries and lower revenue from Australia and India businesses.

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

In Q2-09, the Group reported a profit after tax of \$0.9 million compared to a net loss of \$0.4 million in Q2-08. The improvement is due to lower administrative expenses, currency translation gain and fair value adjustments. For 1H-09, profit after tax is \$1.6 million compared to loss of \$1.9 million in 1H-08 for the same reasons.

At the operating level, the Group recorded an operating profit of \$0.5 million in Q2-09 as compared to an operating loss of \$1.0 million in Q2-08, due to lower administrative expenses. For 1H-09, operating loss is \$0.1 million compared to a loss of \$2.2 million in 1H-08. *[For adjustment to profit after tax, please refer to 1(a) (iv), page 3]*

**Cash Flows**

The Group cash flow position improved as this arose mainly from the proceeds from issue of shares which were utilised to redeem the convertible bonds and 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**

While improvements have been made, the economic conditions remain challenging.

The Group has negotiated with its lenders, a variation of the second redemption of \$2.0 million (due 30 June 2009) of the balance of \$10.0 million convertible bonds. To date, the Group has repaid \$1.1 million and is continuing to negotiate with the bondholders on the terms and conditions of the variation.

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.

**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**

## **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 their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first half 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 August 2009