Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

mDR LIMITED (FORMERLY KNOWN AS ACCORD CUSTOMER CARE SOLUTIONS LIMITED)

2006 First Half Financial Statement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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	Q2-06	Q2-05	YTD 30-Jun-06	YTD 30-Jun-05	Q2 Inc/Dec %	YTD Inc/Dec %
Revenue	1(a)(i)	64,204	64,379	133,763	140,103	0%	-5%
Cost of sales	1(a)(i)	(50,715)	(48,314)	(108,484)	(104,233)	5%	4%
Gross Profit	1(a)(i)	13,489	16,065	25,279	35,870	-16%	-30%
Other Operating Income	1(a)(ii)	1,186	383	1,942	1,386	210%	40%
Administrative expenses	1(a)(iii)	(11,085)	(16,278)	(21,178)	(35,209)	-32%	-40%
Other Operating Expenses	1(a)(iv)	(5,834)	(3,755)	(10,058)	(8,671)	55%	16%
Provisions and One Time Expenses	1(a)(v)	(24,411)	-	(24,411)	-	nm	nm
Finance cost	1(a)(vi)	(532)	(524)	(1,068)	(947)	2%	13%
Loss before income tax		(27,187)	(4,109)	(29,494)	(7,571)	562%	290%
Income tax expenses	1(a)(vi)	(35)	(9)	(190)	(325)	289%	-42%
Loss for the period		(27,222)	(4,118)	(29,684)	(7,896)	561%	276%
Attributable to:							
Equity holders of the parent		(27,158)	(3,345)	(29,807)	(7,139)	712%	318%
Minority Interest		(64)	(773)	123	(757)	-92%	-116%
Loss attributable to shareholders		(27,222)	(4,118)	(29,684)	(7,896)	561%	276%

Nm- not meaningful

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	Q2-06	Q2-05	YTD 30-Jun-06	YTD 30-Jun-05
Revenue				
AMS	15,035	19,018	26,938	39,194
DMS	49,169	45,361	106,825	100,909
	64,204	64,379	133,763	140,103
Cost of Goods Sold and Spare Parts				
AMS	(5,926)	(6,394)	(10,564)	(12,070)
DMS	(44,789)	(41,920)	(97,920)	(92,163)
	(50,715)	(48,314)	(108,484)	(104,233)
Gross Profit				
AMS	9,109	12,624	16,374	27,124
DMS	4,380	3,441	8,905	8,746
	13,489	16,065	25,279	35,870

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

In S$'000	Q2-06	Q2-05	YTD 30-Jun-06	YTD 30-Jun-05
Interest income				
- Bonds	504	498	998	976
- Others	12	75	29	114
Rental income	-	-	-	321
Foreign Currency Exchange adjustment gain/ (loss)	-	13	-	(43)
Release of negative goodwill to income on re-acquisition of interest in a subsidiary	616	-	616	-
Bad debt recovered	9		137	-
Others	45	(203)	162	18
			-	-
	1,186	383	1,942	1,386

1(a)(iii) Administrative Expenses

In S$'000	Q2-06	Q2-05	YTD 30-Jun-06	YTD 30-Jun-05
Staff Cost				
AMS	6,494	10,445	12,559	22,348
DMS	1,809	1,849	3,512	3,976
	8,303	12,294	16,071	26,324

The significant decrease in administrative expenses for Q2-06 as compared to the corresponding period in 2005 is mainly due to decrease in the staff cost in line with the cessation of the Nokia contract

1(a)(iv) Other operating expenses comprises the following:

In S$'000	Note	Q2-06	Q2-05	YTD 30-Jun-06	YTD 30-Jun-05
Depreciation expenses		857	1,274	1,744	2,598
Impairment of other investments		-	-	79	-
Minimum lease payments under operating lease		2,451	2,611	4,751	6,041
Allowance for doubtful debt	1	1,177	37	1,597	166
Allowance for inventories		58	-	58	-
Plant and equipment written off		3	14	3	15
Loss (gain) on disposal of plant and equipment		145	(181)	149	(149)
Foreign Currency Exchange adjustment loss	2	1,143	-	1,677	-
		5,834	3,755	10,058	8,671

The significant increase in other operating expenses in Q2 -06 as compared to the corresponding period in 2005 mainly due to allowance for doubtful debt and foreign currency exchange adjustment loss.

Note 1: Allowance for doubtful debts in Q2 arises from provisions made for bond interest receivable amounting to $0.5 million and $0.6 million for long outstanding receivables due to closure of inactive subsidiaries.

Note 2: Foreign currency exchange adjustment loss arises mainly due to strengthening of Singapore dollar (SGD) against other currencies. As significant portion of related companies advances are denominated in SGD and with the appreciation of SGD against other currencies, the Group recorded unrealised exchange loss.

1(a)(v) Provisions and One Time Expenses

	Note	In S$'000
Restructuring Cost	1	11,754
Impairment of other investment	2	8,000
Impairment of purchase goodwill		600
Impairment of fixed assets		329
Accelerated depreciation expenses	3	1,822
Allowance for doubtful debt		1,630
Allowance for inventories		276
		24,411

Note 1. Restructuring Expenses

The Group has undertaken an extensive review of its businesses and contracts, and complex infrastructure in all markets and geographies that it operates across the Asia Pacific region, with the objective that all continuing operations improve at revenue and operating level. The review is substantially completed. The implementation exercise is ongoing and will take some time to complete.

The unwieldy AMS business infrastructure across 12 countries with a number of geographies/ markets operating at low revenue and a high cost base were previously put in place to create the illusion of a thriving and growing Asia-wide business. Contracts were secured at rates that do not reflect the reality of cost of services committed to customers.

The Group has begun its disengagement from certain countries, and also the closure and/ or sale of service centres identified as unsustainable. The Group is of the view that the remaining network will develop into profitable centres in the future.

The restructuring exercise also target for continuing operations to be able to provide service level, technology and price point that are competitive in both local and regional environment. Redundant and aged assets and equipment were also written down.

A total provision for restructuring of $11.8 million (of which $1.8 million are cash related expenses) was made pertaining mainly to asset write off $6.4 million, impairment of investments $3.9 million, redundancy expenses $0.7 million and other related legal and professional fees $0.8 million.

Note 2. Impairment of Other Investments

As at 31 December 2005, the Group has a net carrying value of $17.7 million in Other Investments, which represents mainly investments in unquoted redeemable convertible bond. The underlying assets of the bond include quoted securities as well as investment in non-core businesses. Based on the latest market value of the quoted securities, a further provision of $8 million is provided for diminution in the market value of quoted securities.

The Board has since September 2005, been working with the relevant parties to liquidate and recover the Group's investments. The Board will continue to seek to recover these investments. Proceeds from liquidation of these non-core assets are intended for repayment of loans and working capital requirements of the Company.

Note 3. Accelerated Depreciation Expenses

The Board is proposing to change the estimated useful life for renovation, fixtures and fittings from 10 years to an economic useful life of 3 years, so as to realign to industry level and practices where service centres are typically renovated over some 3 years cycle. This $1.8 million provision represents a one-off adjustment to the net book value of fixed assets.

1(a)(vi) Finance cost

Finance cost comprises mainly interest expense arising from bank overdrafts and loans drawn down for operating and investing activities.

1(a)(vi) Income Tax Expenses

The tax expense provision is made for profitable subsidiaries based on the applicable local statutory tax rate where the subsidiaries 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 30/6/06	Restated Group 31/12/05	Company 30/6/06	Company 31/12/05
ASSETS					
Current assets:					
Cash		18,321	16,685	2,488	1,838
Cash pledged		754	5,448	655	5,448
Trade receivables	A	19,332	18,634	8,843	7,950
Other receivables and prepayments	B	11,855	16,564	35,572	45,131
Inventories	C	17,314	11,667	-	-
Total current assets		**67,576**	**68,998**	**47,558**	**60,367**
Non-current assets:					
Investment in subsidiaries		-	-	28,542	21,642
Investment in associates		14	14	-	-
Other Investments		9,730	17,731	6,690	14,090
Advance payments for investments		1,560	2,487	1,560	2,487
Plant and equipment		11,777	13,963	1,141	2,027
Other goodwill		9,746	10,346	-	-
Goodwill on consolidation		17,256	10,116	-	-
Total non-current assets		**50,083**	**54,657**	**37,933**	**40,246**
Total assets		**117,659**	**123,655**	**85,491**	**100,613**
Current liabilities:					
Bank loans		23,804	24,002	5,580	6,000
Bank overdraft		11,611	11,614	2,413	2,413
Trade payables	D	13,967	10,910	10,335	8,555
Other payables	E	54,348	42,484	39,953	51,935
Income tax payable		1,370	1,198	-	-
Obligations under finance leases		68	68	-	-
Current portion of long- term bank loan		548	508	-	-
Total current liabilities		**105,716**	**90,784**	**58,281**	**68,903**
Non-current liabilities:					
Obligations under finance leases		177	212	-	-
Deferred income tax		1,083	1,021	912	912
Long term portion of long-term bank loans		-	324	-	-
Total non-current liabilities		**1,260**	**1,557**	**912**	**912**
Capital and reserves:					
Share capital		69,940	24,024	69,940	24,024
Share premium reserve		-	38,394	-	38,394
Capital Redemption Reserve		-	22	-	22
Share options reserve		2,716	2,716	2,716	2,716
Foreign currency translation reserve		1,535	(633)	-	-
Accumulated losses	F	(68,413)	(38,607)	(46,358)	(34,358)
Equity attributable to equity holders of the parent		**5,778**	**25,916**	**26,298**	**30,798**
Minority Interests		4,905	5,398	-	-
Total liabilities and equity		**117,659**	**123,655**	**85,491**	**100,613**

(A) Trade receivables

The trade receivables turnover is 26 days for the 6 months period ended 30 June 2006 (29 days for year ended December 2005).

(B) Other receivables and prepayments

Included in other receivables are mainly refundable deposits ($2 million), prepayments ($1.0 million), amount due from related parties ($3.5 million), tax recoverable ($2.8 million) and accrued income ($2.5 million).

(C) Inventories

The significant increase in inventories is due mainly to additional stock holding of DMS business and acquisition of Semitech Mobility Solutions Pte Ltd. The inventory turnover is 29 days for the period ended 30 June 2006 (20 days for year ended 31 December 2005).

(D) Trade payables

Trade payables turnover is 23 days for the period ended 30 June 2006 (18 days for the year ended 31 December 2005).

(E) Other payables

Included in other payables are accrued operating expenses ($11.3 million), accrued restructuring cost ($11.8m) refundable deposit for disposal of a subsidiary ($4.1 million) and provision for liabilities ($7.7 million), amount owing to related parties ($8.8 million), advances from major shareholders for rights issue ($5 million) and accounts payable to third parties ($5.6 million)

(F) Accumulated losses

In the course of the Company's internal investigation, it was discovered that there was a further invalid sales in FY 2004 amounting to $3.8 million reported in a subsidiary company which is non-recoverable and accordingly, the accumulated losses of the Group brought forward to FY 2005 has been restated to take up the provision in FY 2004.

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 2006		As at 31 December 2005	
Secured ($'000)	Unsecured ($'000)	Secured ($'000)	Unsecured ($'000)
822	35,209	4,612	31,580

Amount repayable after one year

As at 30 June 2006		As at 31 December 2005	
Secured ($'000)	Unsecured ($'000)	Secured ($'000)	Unsecured ($'000)
177	-	212	324

Details of collateral

The bank loans amounting to $754,000 (31 December 2005: $4,544,000) of the Group are secured by fixed deposits of $754,000 (31 December 2005: $5,448,000).

Finance lease is secured by the fixed assets acquired under the lease arrangement.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

In S$'000	Q2-06	Q2-05	YTD 30-Jun-06	YTD 30-Jun-05
Operating activities:				
Loss before income tax	**(27,187)**	**(4,109)**	**(29,494)**	**(7,571)**
Adjustments for:				
Depreciation expense	857	1,274	1,744	2,598
Interest expense	532	524	1,068	947
Interest income	(516)	(573)	(1,027)	(1,090)
Gain on disposal of plant and equipment	145	(181)	149	(149)
Plant and equipment written off	3	14	3	15
Allowance for inventories	58	-	58	-
Additional provisions	23,047	-	23,047	-
Impairment of other investments	-	-	79	-
Excess of interest in the net fair value of acquired subsidiaries identifiable assets, liabilities over cost	(616)	-	(616)	-
Operating loss before working capital changes	**(3,677)**	**(3,051)**	**(4,989)**	**(5,250)**
Trade receivables	(1,350)	(1,380)	1,671	2,456
Other receivables and prepaid expenses	5,168	5,743	3,157	6,334
Inventories	(3,488)	7,249	(4,575)	1,089
Trade payables	171	(6,769)	715	(3,554)
Other payables	1,771	(1,607)	(403)	(7,342)
Cash generated (used in) from operations	**(1,405)**	**185**	**(4,424)**	**(6,267)**
Interest received	516	573	1,027	1,090
Income tax paid	(307)	(1,001)	17	(1,689)
Net used in operating activities	**(1,196)**	**(243)**	**(3,380)**	**(6,866)**
Investing activities:				
Purchase of plant and equipment	(312)	692	(738)	(161)
Proceeds from disposal of plant and equipment	-	(88)	-	(80)
Additional investment in a subsidiary	-	(1)	-	(2,687)
Advance payments for investments	-	110	-	(6,739)
Cash contribution of acquired subsidiaries	391	-	391	-
Net cash from (used in) investing activities	**79**	**713**	**(347)**	**(9,667)**
Financing activities:				
Proceeds from issuing shares	-	128	-	255
Interest paid	(532)	(524)	(1,068)	(946)
Decrease in finance lease	(9)	(55)	(35)	(36)
Fixed deposits subject to restriction	4,795	3,196	4,694	3,196
Repayment of bank loans	(107)	(3,243)	(482)	(5,203)
Net cash from (used in) financing activities	**4,147**	**(498)**	**3,109**	**(2,734)**
Net effect of exchange rate changes in consolidating subsidiaries	758	(470)	**2,254**	**(301)**
Net increase (decrease) in cash and cash equivalents	**3,788**	**(498)**	**1,636**	**(19,568)**
Cash and cash equivalents at beginning of period	**2,922**	**2,654**	**5,074**	**21,724**
Cash and cash equivalents at end of period	**6,710**	**2,156**	**6,710**	**2,156**

A. Cash and cash equivalents at end of financial period:

In S$'000	June-06	June-05
Cash	19,075	19,219
Bank Overdraft	(11,611)	(11,614)
Less: Cash subject to restriction	(754)	(5,449)
Net	6,710	2,156

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	Share Premium	Translation reserve	Accumulated Losses **##	Attibutable to Equity holders of the parents	Minority Interest	Total
Group(6 Months Ended 30 June 2005)									
Balance at 1 January 2005 as previously reported	24,017	22	1,903	38,274	333	(24,777)	39,772	12,746	52,518
Provisions for invalid receivables made by a subsidiary company	-	-	-	-	-	(3,884)	(3,884)	-	(3,884)
Balance at 1 January 2005 (restated)	24,017	22	1,903	38,274	333	(28,661)	35,888	12,746	48,634
Net loss for the period	-	-	-	-	-	(7,139)	(7,139)	(757)	(7,896)
Issue of shares on exercise of share options	7	-	-	120	-	-	127	-	127
Foreign currency translation	-	-	-	-	(300)	-	(300)	-	(300)
Balance at 30 June 2005 (restated)	24,024	22	1,903	38,394	33	(35,800)	28,576	11,989	40,565
Group(6 Months Ended 30 June 2006)									
Balance at 1 January 2006 (Restated)	24,024	22	2,716	38,394	(633)	(38,607)	25,916	5,398	31,314
Net loss for the period	-	-	-	-	-	(29,806)	(29,806)	123	(29,683)
Issue of ordinary shares	7,500	-	-	-	-	-	7,500	-	7,500
Recognition of share-based payments	-	-	-	-	-	-	-	-	-
Effects of acquisition of interest in subsidiries	-	-	-	-	-	-	-	(616)	(616)
Transfer to share capital	38,416	(22)	-	(38,394)	-	-	-	-	-
Foreign currency translation	-	-	-	-	2,168	-	2,168	-	2,168
Balance at 30 June 2006	69,940	-	2,716	-	1,535	(68,413)	5,778	4,905	10,683
Company (6 Months Ended 30 June 2005)									
Balance at 1 January 2005 (restated)	24,017	22	1,903	38,274	-	(758)	63,458	-	63,458
Net profit for the period	-	-	-	-	-	(2,598)	(2,598)	-	(2,598)
Issue of shares on exercise of share options	7	-	-	120	-	-	127	-	127
Balance at 30 June 2005 (restated)	24,024	22	1,903	38,394	-	(3,356)	60,987	-	60,987
Company (6 Months Ended 30 June 2006)									
Balance at 1 January 2006	24,024	22	2,716	38,394	-	(34,358)	30,798	-	30,798
Net loss for the period	-	-	-	-	-	(12,000)	(12,000)	-	(12,000)
Issue of ordinary shares	7,500	-	-	-	-	-	7,500	-	7,500
Transfer to share capital	38,416	(22)	-	(38,394)	-	-	-	-	-
Balance at 30 June 2006	69,940	-	2,716	-	-	(46,358)	26,298	-	26,298

** ##

The accumulated losses brought forward from 2004 of the Group has been restated to include a restatement provision on receivable amounting to $3.8 million

In S$'000	Group
Accumulated losses carried forward to 2005 of Group as previously reported	(24,777)
Less	
Restatement (refer note 1b(i)F)	(3,884)
Accumulated losses carried forward to 2005 as restated	(28,661)

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 ACCS 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 period and share options outstanding as at 30 June 2006 under the Scheme were as follows:

Number of share options

Date of grant	Balance at January 1, 2006 or grant date if later	Exercised	Lapsed/ Cancelled	Adjustments pursuant to rights issue **	Balance at June 30, 2006	Subscription Price	Expiry date
September 17, 2003	1,664,000	-	(254,000)	402,849	1,812,849	0.400	September 16, 2013
April 14, 2004	13,833,000	-	(1,699,714)	3,499,678	15,632,964	0.651	April 13, 2014
September 22, 2005	7,000,000	-	-	4,238,000	11,238,000	0.155	September 21, 2010
	22,497,000	-	(1,953,714)	8,140,527	28,683,813		

Pursuant to the Companies (Amendment) Act 2005 effective from 30 January 2006, the concept of authorized share capital and par value has been abolished. Consequently any amounts standing to the credit of share premium account and capital redemption reserve account as at 30 January 2006 were transferred to share capital as at that date.

** Adjusted for rights issue on the basis of 1 rights share for every 2 ordinary shares during the financial period

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures for the period from 1 January 2006 to 30 June 2006 have not been audited or reviewed by our auditors. The auditors have expressed an "except for" opinion on the 2005 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 2005 and hence have effects on the 2005 financial statements.

- refurbishment service income and investigations;
- payments for certain investments
- adjustments made by the company in relation to financial years 2004 and 2003; and
- limitation on the scope of work of auditors of certain subsidiaries

b) The ongoing CAD proceedings against former executives, the outcome of such proceedings may uncover information which may require further adjustments

c) The completeness of the disclosure of related party transactions, due to former executives who have been subsequently charged by CAD were still presiding over the affairs of the company during the first half of 2005.

d) The auditors of certain subsidiaries have expressed disclaimer of opinion due to limitation of scope on certain provisions and impairment data.

e) 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 2005.

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

Please refer to section 4 above.

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 Share	**YTD**	**YTD**
(based on consolidated net loss	**30-Jun-06**	**30-Jun-05**
attributable to equity holders of the company)	**Cents**	**Cents**
- Basic	(3.02)	(0.74)
- Fully Diluted	(3.02)	(0.74)

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 985,738,830 (31 December 2005: 960,935,417) of $0.025 each.

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 985,738,830 (31 December 2005: 960,935,417) of $0.025 each.

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	
	30/6/06	31/12/05	30/6/06	31/12/05
	Cents	Cents	Cents	Cents
Net Assets Value (NA) per share	0.59	2.70	2.67	3.20

The NA per Share as at 30 June 2006 is calculated based on 985,738,830 (31 December 2005: 960,652,480) ordinary shares of $0.025 each.

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

Quarter on quarter, revenue remained relatively flat. Revenue for the period under review also included the contribution from the acquired AMS business of Semitech, which was completed in April 2006. The acquisition had partially back-filled the revenue shortfall arising for the cessation of the Nokia contract in May 2005.

Loss after income tax

The Group reported a net loss of $27.2 million for 2Q2006. The net loss for the period is mainly due to provisions and one time expenses of $24.4 million (please refer to note 1a(v)). Excluding this one-off expenses, the Group narrowed its loss to $2.8 million in 2Q FY2006 against a loss of $4.1 million in the corresponding quarter in year 2005.

Cash Flows

The Group continued to operate under working capital constraints. The net decrease in cash and cash equivalents for the first half was due mainly to the net operating loss incurred in the quarter. Looking forward, proceeds from the Rights Issue, which was completed in July 2006, and the proposed liquidation of non-core assets are expected to relieve the constraints on working capital and reduce financing cost.

Restatement

The accumulated losses brought forward for 2005 of the Group has been restated to include provision for receivable amounting to $3.8 million by a subsidiary arising from invalid sales in 2004. Please refer to note 1b(i)F.

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 the AMS business, the Group has substantially completed its review of the regional service network and has started implementing approved restructuring plans. Elements of the plan include disengagement from certain countries, and closure of non-viable service centres and rationalisation of country network for continuing operations. Integration of the acquired AMS business from Semitech is continuing apace.

Pricing pressure is also expected to continue to affect the margins of the DMS segment through the second half of this year. As such, DMS is re-aligning its business to derive a higher contribution from its retail operations.

Proceeds from the Rights Issue and the proposed liquidation of non-core assets are expected to relieve the constraints on working capital and reduce financing cost. Notwithstanding the restructuring exercise, proceeds from the Rights Issue will facilitate the Group in looking at growth opportunities in key markets and accounts to improve yield and operating performance.

Looking forward, the Group's AMS operating performance is expected to improve as restructuring plans get implemented over time. For DMS, in spite of the pressure on margins, the Group is optimistic that this business will remain profitable.

In light of the above and barring any unforeseen circumstances, the Group expects to report a better operating performance in the second half of FY2006.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	N/A
Dividend Type	
Dividend Rate	
Par value of shares	
Tax Rate	

(c) Date payable

NA

(d) Books closure date

NA

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

The directors of the Company do not recommend that an interim dividend be paid.

BY ORDER OF THE BOARD

Woo Kah Wai
Company Secretary

14 August 2006
Singapore