



mDR Limited
2007 – 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	Q1-07	Q1-06	YTD Inc/(Dec) %
Revenue	1(a)(i)	59,540	69,559	-14%
Cost of sales	1(a)(i)	<u>(48,521)</u>	<u>(57,769)</u>	16%
Gross profit	1(a)(i)	11,019	11,790	-7%
Other operating income	1(a)(ii)	1,680	756	122%
Administrative expenses	1(a)(iii)	(10,809)	(10,092)	-7%
Other operating expenses	1(a)(iv)	(3,097)	(4,224)	27%
Finance cost	1(a)(v)	<u>(318)</u>	<u>(536)</u>	41%
Loss before income tax		(1,525)	(2,306)	34%
Income tax expense	1(a)(vi)	<u>(263)</u>	<u>(155)</u>	-70%
Loss for the period		<u><u>(1,788)</u></u>	<u><u>(2,461)</u></u>	27%
<u>Attributable to:</u>				
Equity holders of the parent company		(2,015)	(2,648)	24%
Minority interests		227	187	21%
Loss attributable to shareholders		<u><u>(1,788)</u></u>	<u><u>(2,461)</u></u>	27%

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	Q1-07	Q1-06	Q1 Inc/Dec
<u>Revenue</u>			
AMS	11,300	11,904	-5%
DMS	<u>48,240</u>	<u>57,655</u>	-16%
	<u><u>59,540</u></u>	<u><u>69,559</u></u>	-14%
<u>Cost of Goods Sold and Spare Parts</u>			
AMS	(4,868)	(4,638)	5%
DMS	<u>(43,653)</u>	<u>(53,131)</u>	-18%
	<u><u>(48,521)</u></u>	<u><u>(57,769)</u></u>	-16%
<u>Gross Profit</u>			
AMS	6,432	7,266	-11%
DMS	<u>4,587</u>	<u>4,524</u>	1%
	<u><u>11,019</u></u>	<u><u>11,790</u></u>	-7%

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

In S\$'000	Note	Q1-07	Q1-06
Interest income			
- Bonds		494	495
- Others		36	16
Rental income		49	110
Bad debt recovered		1	129
Gain of sale of business	CF1	935	-
Waiver of debts		150	-
Others		15	6
		<u>1,680</u>	<u>756</u>

1(a)(iii) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q1-07	Q1-06
<u>Staff Cost</u>		
AMS	6,541	6,065
DMS	1,813	1,702
	<u>8,354</u>	<u>7,767</u>

The higher AMS staff cost was due mainly to the related acquisition of certain AMS subsidiaries in May 2006 which totalled \$1.4 million. Included in Q1-06 is a recovery of bonus of \$0.5 million. On a comparable basis, if these items were not included, AMS staff cost improved by 23% to \$5.1 million from \$6.6 million.

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

In S\$'000	Q1-07	Q1-06
Minimum lease payments under operating lease	2,043	2,300
Depreciation expenses	584	888
Reversal of impairment on fixed assets	(69)	-
Loss on disposal of fixed assets	14	4
Impairment of other investments	-	79
Allowance for doubtful trade receivables	8	419
Allowance for doubtful other receivables	498	-
Reversal of allowance for inventories	(65)	-
Loss on foreign exchange	84	534
	<u>3,097</u>	<u>4,224</u>

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 expenses

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-07	Group 31-Dec-06	Company 31-Mar-07	Company 31-Dec-06
ASSETS					
Current assets					
Cash		11,689	14,320	1,759	3,395
Cash pledged		-	98	-	-
Trade receivables	A	24,002	32,205	6,721	7,919
Other receivables and prepayments	B	7,375	6,587	20,232	17,015
Inventories	C	15,190	14,190	-	-
		<u>58,256</u>	<u>67,400</u>	<u>28,712</u>	<u>28,329</u>
Non-current assets					
Investment in subsidiaries		-	-	27,198	27,197
Investment in associates		-	14	-	-
Other investments		9,731	9,731	6,090	6,090
Advance payments for investments		1,951	1,951	1,951	1,951
Plant and equipment		6,336	7,468	799	942
Goodwill on consolidation		12,174	12,174	-	-
Other goodwill		8,074	8,074	-	-
		<u>38,266</u>	<u>39,412</u>	<u>36,038</u>	<u>36,180</u>
Total assets		<u><u>96,522</u></u>	<u><u>106,812</u></u>	<u><u>64,750</u></u>	<u><u>64,509</u></u>
Current liabilities					
Bank loans		12,684	13,627	4,036	4,435
Bank overdraft		8,046	8,668	1,581	1,581
Trade payables	D	10,626	14,977	2,005	1,479
Other payables	E	42,674	45,574	35,110	33,485
Income tax payable		1,377	1,166	-	-
Obligations under finance leases		37	17	-	-
		<u>75,444</u>	<u>84,029</u>	<u>42,732</u>	<u>40,980</u>
Non-current liabilities					
Obligations under finance leases		145	191	-	-
Deferred tax		1,180	1,153	912	912
		<u>1,325</u>	<u>1,344</u>	<u>912</u>	<u>912</u>
Equity					
Issued capital		89,841	89,841	89,841	89,841
Capital redemption reserve		22	22	22	22
Share options reserve		3,166	3,166	3,166	3,166
Foreign currency translation reserve		1,816	1,204	-	-
Revenue reserve		(78,384)	(76,369)	(71,924)	(70,412)
Equity attributable to equity holders of the parent company		<u>16,461</u>	<u>17,864</u>	<u>21,105</u>	<u>22,617</u>
Minority interests		3,292	3,575	-	-
		<u><u>96,522</u></u>	<u><u>106,812</u></u>	<u><u>64,749</u></u>	<u><u>64,509</u></u>

(A) Trade receivables

The trade receivables turnover days is 37 as at 31 March 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-Mar-07	31-Dec-06
Related parties	2,214	1,902
Recoverables	2,524	1,997
Deposits	1,946	2,069
Prepayments	<u>671</u>	<u>592</u>

(C) Inventories

The inventory turnover is 28 days for the quarter ended 31 March 2007 (31 December 2006 : 23 days).

(D) Trade payables

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

(E) Other payables

The major components of other payables are tabulated below :

S\$'000	Group	
	31-Mar-07	31-Dec-06
Amount owing to related parties	14,481	14,785
Other payables to third parties	8,560	7,982
Accrued staff related expenses	2,574	3,131
Accrued operating expenses	6,821	8,127
Accrued restructuring costs	6,229	6,756
Refundable deposit for disposal of a subsidiary	1,607	2,072
Loan payable to bank by associate company	<u>2,380</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 March 2007		As at 31 December 2006	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
37	20,730	17	22,295

Amount repayable after one year

As at 31 March 2007		As at 31 December 2006	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
145	-	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	Note	Q1-07	Q1-06
Operating activities			
Loss before income tax		(1,525)	(2,306)
Adjustments for			
Depreciation expenses		584	888
Interest expense		318	536
Interest income		(530)	(511)
Loss (Gain) on disposal of plant and equipment		14	4
Reversal of impairment on plant and equipment		(69)	-
Reversal of allowance for inventories		(65)	-
Gain of sale of business	CF1	(935)	-
Operating cash flows before movements in working capital		(2,208)	(1,389)
Trade receivables		7,294	3,021
Other receivables and prepayments		(827)	(2,011)
Inventories		(1,129)	(1,087)
Trade payables		(3,731)	545
Other payables		(2,480)	(2,165)
Cash used in operations		(3,081)	(3,086)
Interest received		530	511
Income tax paid		(25)	324
Net cash used in operating activities		(2,576)	(2,251)
Investing activities			
Purchase of plant and equipment		(159)	(440)
Proceeds from disposal of plant and equipment		57	13
Proceeds from sale of business	CF1	1,743	-
Net cash from (used in) investing activities:		1,641	(427)
Financing activities			
Interest paid		(318)	(536)
Decrease in finance lease		(26)	(25)
Fixed deposits subject to restriction		98	(101)
Repayment of bank loans		(943)	(375)
Net cash used in financing activities		(1,189)	(1,037)
Net effect of foreign exchange rate changes		115	1,486
Net decrease in cash and cash equivalents		(2,009)	(2,229)
Cash and cash equivalents at beginning of year		5,652	5,071
Cash and cash equivalents at end of period		3,643	2,842

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

In S\$'000	31-Mar-07	31-Mar-06
Cash	11,689	20,006
Bank overdrafts	(8,046)	(11,615)
Less: Cash subject to restriction	-	(5,549)
	<u>3,643</u>	<u>2,842</u>

Note CF1 :

Summary of the effects of sale of business

	Note	S\$'000
Plant and equipment		558
Trade receivables		908
Other receivables		41
Inventories		194
Trade payables		(620)
Other payables		(273)
Net assets		<u>808</u>
Gain on sale of business	1(a)(ii)	<u>935</u>
Net cash inflow arising on sale of business	1(c)	<u><u>1,743</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	Share premium	Capital redemption reserve	Share options reserve	Translation reserve	Revenue reserve	Attributable to equity holders of the company	Minority interest	Total
Group (3 months ended 31 March 2006)									
Balance at 1 January 2006	24,024	38,394	22	2,716	(633)	(43,328)	21,195	5,398	26,593
Net loss	-	-	-	-	-	(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	27,423	-	-	-	-	-	27,423	-	27,423
Recognition of share-based payments	-	-	-	450	-	-	450	-	450
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	(1,978)	(1,978)
Transfer from share premium account	38,394	(38,394)	-	-	-	-	-	-	-
Balance at 31 March 2006	89,841	-	22	3,166	1,204	(76,369)	17,864	3,575	21,439
Group (3 months ended 31 March 2007)									
Balance at 1 January 2007	89,841	-	22	3,166	1,204	(76,369)	17,864	3,575	21,439
Net loss	-	-	-	-	-	(2,015)	(2,015)	227	(1,788)
Issue of ordinary shares	-	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	-	-
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	612	-	612	(510)	102
Balance at 31 March 2007	89,841	-	22	3,166	1,816	(78,384)	16,461	3,292	19,753
Company (3 months ended 31 March 2006)									
Balance at 1 January 2006	24,024	38,394	22	2,716	-	(34,358)	30,798	-	30,798
Issue of shares on rights issue	27,423	-	-	-	-	-	27,423	-	27,423
Recognition of share-based payments	-	-	-	450	-	-	450	-	450
Transfer from share premium account	38,394	(38,394)	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(36,054)	(36,054)	-	(36,054)
Balance at 31 March 2006	89,841	-	22	3,166	-	(70,412)	22,617	-	22,617
Company (3 months ended 31 March 2007)									
Balance at 1 January 2007	89,841	-	22	3,166	-	(70,412)	22,617	-	22,617
Net loss	-	-	-	-	-	(1,512)	(1,512)	-	(1,512)
Issue of ordinary shares	-	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	-	-
Balance at 31 March 2007	89,841	-	22	3,166	-	(71,924)	21,105	-	21,105

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 March 2007 under the Scheme were as follows:

<u>Date of grant</u>	<u>Balance at 1 January 2007 or grant date if later</u>	<u>Exercised</u>	<u>Lapsed/ Cancelled</u>	<u>Balance at 31 March 2007</u>	<u>Subscription Price</u>	<u>Expiry date</u>
17 September 2003	1,735,707	-	-	1,735,707	0.3111	16 September 2013
14 April 2004	13,781,542	-	(404,998)	13,376,544	0.5063	13 April 2014
22 September 2005	11,238,000	-	-	11,238,000	0.1206	21 September 2010
	<u>26,755,249</u>	<u>-</u>	<u>(404,998)</u>	<u>26,350,251</u>		

2. Whether the figures have been audited, or reviewed and in accordance with which standard

The figures for the period from 1 January 2007 to 31 March 2007 have not been audited or reviewed by our auditors.

The auditors have expressed an "except for" opinion on the 2006 financial statements as described in the following:

- a) The opening balances affected by adjustments arising from the matters below were brought forward into the financial statements for the year ended 31 December 2006 and hence have effects on the 2006 financial statements.
- b) The outcome of the ongoing Commercial Affairs Department's proceedings may uncover other information which may require adjustments to be made to the financial statements.
- c) The completeness of the disclosure of related party transactions and any other effects on the financial statements as the former executives of the company who had been subsequently charged by the CAD were still presiding over the affairs of the company during the first half of financial year 2005.
- d) The audit clearances for certain subsidiaries were not received as at date of auditors' report.

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

The figures have not been audited or reviewed by our auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation have been applied consistently. The group and the company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements as at 31 December 2006.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and interpretations of FRS and amendments to FRS effective for accounting periods beginning 1 January 2007 and they are assessed to have no significant impact on the Group's financial position and results of the Group.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per ordinary share	YTD	YTD
(based on consolidated net loss	31-Mar-07	31-Mar-06
attributable to equity holders of the Company)	Cents	Cents
- Basic	(0.13)	(0.28)
- Fully diluted	<u>(0.13)</u>	<u>(0.28)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 1,539,452,227 (31 March 2006 : 960,970,480).

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 1,539,452,227 (31 March 2006 : 960,970,480).

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	
	31-Mar-07 Cents	31-Dec-06 Cents	31-Mar-07 Cents	31-Dec-06 Cents
Net Asset Value ("NAV") per share	<u>1.07</u>	<u>1.16</u>	<u>1.37</u>	<u>1.47</u>

The NAV per share as at 31 March 2007 is calculated based on 1,539,452,227 (31 December 2006: 1,539,452,227) ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Revenue

Revenue for the first quarter fell by 14% to \$59.5 million from \$69.6 million. This arose mainly from lower volume in DMS business while AMS revenue was flat. Gross profit margin for DMS improved by 1.7 percentage point to 9.5% from 7.8% as we focus on the retail market compared to the distribution market which yielded better margin.

Loss after income tax

The Group net loss decreased 27% from \$2.5 million to \$1.8 million mainly due to a gain on sale of business of an overseas subsidiary.

Cash Flows

The Group cash flow position improved marginally as this arose mainly from the proceeds from sale of business which were utilized for bank loan repayment 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

For the AMS business, we are finalizing with major principals on the revised rates. The new rates are expected to take effect from second half of 2007.

For the DMS business, the division continues its efforts to improve margins by realigning its various businesses in retail and distribution, dealer and franchisee channels.

Barring any unforeseen circumstances, the Group is expected to improve its financial performance in FY2007.

The Group, on 29 April 2007, announced the proposed acquisition of JEL Africa Pte Ltd. If this acquisition is approved by the shareholders, it will contribute positively to the financial results of the Group.

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**

11 May 2007

Negative Assurance Confirmation Under Rule 705(4) of the Listing Manual

We, Philip Eng Heng Nee and Tong Choo Cherng, being two directors of mDR Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter 2007 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Philip Eng
Chairman

Tong Choo Cherng
Chief Executive Officer

Singapore, 11 May 2007