



MDR Limited

mDR Limited

Full Year Financial Statements for the Year Ended 31 December 2009

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

In S\$'000	Notes	Q4-09	Q4-08	YTD 31-Dec-09	YTD 31-Dec-08	Q4 Inc/(Dec) %	YTD Inc/(Dec) %
Continuing Operations							
Revenue	1(a)(i)	67,795	55,706	226,262	260,811	22%	-13%
Cost of sales	1(a)(i)	<u>(59,441)</u>	<u>(47,753)</u>	<u>(197,663)</u>	<u>(231,536)</u>	24%	-15%
Gross profit	1(a)(i)	8,354	7,953	28,599	29,275	5%	-2%
Other operating income	1(a)(ii)	195	(141)	472	1,382	-238%	-66%
Administrative expenses	1(a)(iii)	(4,827)	(5,630)	(20,169)	(26,405)	-14%	-24%
Other operating expenses	1(a)(iv)	(3,337)	(16,996)	(12,788)	(19,691)	-80%	-35%
Changes in fair value of convertible notes designated as fair value through profit and loss		1,670	(4,195)	2,960	(4,195)	-140%	-171%
Finance cost	1(a)(v)	<u>(207)</u>	<u>(258)</u>	<u>(892)</u>	<u>(1,212)</u>	-20%	-26%
Net expenses		(6,506)	(27,220)	(30,417)	(50,121)	-76%	-39%
Profit / (Loss) before income tax		1,848	(19,267)	(1,818)	(20,846)	-110%	-91%
Income tax expense	1(a)(vi)	<u>(726)</u>	<u>807</u>	<u>(2,581)</u>	<u>1,208</u>	-190%	-314%
Profit / (Loss) for the period from continuing operations		1,122	(18,460)	(4,399)	(19,638)	-106%	-78%
Discontinued operation							
Profit / (Loss) for the year from discontinued operation	1(a)(vii)	<u>(1,098)</u>	<u>(2,305)</u>	<u>1,773</u>	<u>(4,763)</u>	-52%	-137%
Profit / (Loss) for the year		<u>24</u>	<u>(20,765)</u>	<u>(2,626)</u>	<u>(24,401)</u>	-100%	-89%
Attributable to:							
Equity holders of the parent company		35	(19,545)	(2,561)	(23,036)	-100%	-89%
Minority interests		(11)	(1,220)	(65)	(1,365)	-99%	-95%
Profit / (Loss) attributable to shareholders		<u>24</u>	<u>(20,765)</u>	<u>(2,626)</u>	<u>(24,401)</u>	-100%	-89%

Statement of comprehensive income for the quarter ended 31 December 2009

In S\$'000	Q4-09	Q4-08	YTD 31-Dec-09	YTD 31-Dec-08	Q4 Inc/(Dec) %	YTD Inc/(Dec) %
Profit / (Loss) for the period after tax	24	(20,765)	(2,626)	(24,401)	-100%	-89%
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries	<u>1,399</u>	<u>1,130</u>	<u>(1,315)</u>	<u>3,500</u>	24%	-138%
Total comprehensive income for the period	<u>1,423</u>	<u>(19,635)</u>	<u>(3,941)</u>	<u>(20,901)</u>	-107%	-81%
Attributable to:						
Equity holders of the parent company	1,434	(18,415)	(3,876)	(19,536)	-108%	-80%
Minority interests	<u>(11)</u>	<u>(1,220)</u>	<u>(65)</u>	<u>(1,365)</u>	-99%	-95%
Total comprehensive income for the period	<u>1,423</u>	<u>(19,635)</u>	<u>(3,941)</u>	<u>(20,901)</u>	-107%	-81%

1(a)(i) Revenue, Cost of Sales and Gross Profit

The Group operates in two business segments – After Market Services (“AMS”) and Distribution Management Solutions (“DMS”). The breakdown of revenue and cost of goods sold and spare parts are as follows:

In S\$'000	Q4-09	Q4-08	YTD 31-Dec-09	YTD 31-Dec-08
<u>Continuing Operations</u>				
<u>Revenue</u>				
AMS	5,125	7,358	21,366	25,966
DMS	62,670	48,348	204,896	234,845
	<u>67,795</u>	<u>55,706</u>	<u>226,262</u>	<u>260,811</u>
<u>Cost of Goods Sold and Spare Parts</u>				
AMS	(3,149)	(3,238)	(12,266)	(12,413)
DMS	(56,292)	(44,515)	(185,397)	(219,123)
	<u>(59,441)</u>	<u>(47,753)</u>	<u>(197,663)</u>	<u>(231,536)</u>
<u>Gross Profit</u>				
AMS	1,976	4,120	9,100	13,553
DMS	6,378	3,833	19,499	15,722
	<u>8,354</u>	<u>7,953</u>	<u>28,599</u>	<u>29,275</u>

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

In S\$'000	Q4-09	Q4-08	YTD 31-Dec-09	YTD 31-Dec-08
<u>Continuing Operations</u>				
Interest income	3	4	17	40
Rental income	166	45	349	158
Bad debt recovered	-	-	-	31
Liabilities written back	57	-	57	45
Reversal of Negative goodwill released to income	-	(63)	-	-
Reversal of provision for salary and leave encashment	-	-	-	38
Gain on reversal of obsolete stock	-	133	-	133
Refund of GST	-	-	-	682
Reversal of early termination fee released to income	-	(484)	-	-
Refund of overcharged office rent	-	140	-	140
Others	(31)	84	49	115
	<u>195</u>	<u>(141)</u>	<u>472</u>	<u>1,382</u>

1(a)(iii) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	Q4-09	Q4-08	YTD 31-Dec-09	YTD 31-Dec-08
<u>Continuing Operations</u>				
<u>Staff Cost</u>				
AMS	820	2,867	7,481	12,627
DMS	2,140	996	7,354	7,072
Share-based expenses	171	314	171	314
	<u>3,131</u>	<u>4,177</u>	<u>15,006</u>	<u>20,013</u>

AMS - Lower administrative expenses for Q4-09 compared to the corresponding period in 2008 is mainly due to reduction in headcount and reversal of prior years' bonus provision.

DMS – The lower staff costs registered for Q4-08 arose from reversal of bonus & related staff cost provision of \$0.8 million.

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

In S\$'000	Q4-09	Q4-08	YTD 31-Dec-09	YTD 31-Dec-08
<u>Continuing Operations</u>				
Minimum lease payments under operating lease	1,706	1,522	6,332	6,141
Depreciation expenses	249	344	1,097	1,453
Provision / (Reversal) of impairment on fixed assets	21	-	-	-
Accelerated write-off of software license (Note I)	-	-	380	-
Loss on disposal of fixed assets	183	269	180	283
(Reversal) / Provision of doubtful trade receivables	(57)	(168)	40	(574)
(Reversal) / Provision of allowance for doubtful other receivables	406	1,000	365	(815)
Provision / (Reversal) of allowance for inventories	398	268	396	407
(Gain) / Loss on foreign exchange (Note II)	279	(377)	759	658
Reversal of provision for restructuring cost	-	-	-	(2,000)
Impairment of goodwill on consolidation (Note III)	150	14,142	3,237	14,142
Others	2	(4)	2	(4)
	<u>3,337</u>	<u>16,996</u>	<u>12,788</u>	<u>19,691</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 Q4-09, the USD has depreciated against SGD and Australian Dollar. The foreign exchange gain of \$0.3 million is due to translation gain on revaluation of such inter-company balances which were affected by the aforementioned currency fluctuations.

Note III: In view of the challenging economic conditions which may affect the business and cash flow forecast of the subsidiaries, the Group has decided to further write down goodwill of subsidiaries by another \$3.2 million.

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.

In Q4-09, income tax expense of S\$0.7 million includes prior years' tax charge of S\$0.5 million, which had resulted from under accruals of income tax by the Group's principal subsidiary.

For the full year, although the Group had incurred losses, the Group has tax charge amounting to S\$2.6 million. It was mainly due to prior years' tax charge, which resulted from under accruals of income tax due to:-

- i) Withdrawal of the Development Expansion Incentive "DEI" status from the holding company, which carried a special tax rate of 13%;
- ii) Inability to further pursue refunds for income tax paid.

1(a)(vii) Discontinued Operations

In S\$'000	Notes			YTD	YTD
		Q4-09	Q4-08	31-Dec-09	31-Dec-08
Revenue		660	857	3,653	6,693
Cost of sales		(94)	(120)	(768)	(2,385)
Gross profit		566	737	2,885	4,308
Other operating income	1(a)(viii)	3	309	9	348
Administrative expenses	1(a)(ix)	48	(848)	(1,723)	(4,141)
Other operating expenses	1(a)(x)	(1,715)	(2,503)	597	(5,277)
Net expenses		(1,664)	(3,042)	(1,117)	(9,070)
Profit / (Loss) before income tax		(1,098)	(2,305)	1,768	(4,762)
Income tax expense		-	-	5	(1)
Profit / (Loss) for the year		(1,098)	(2,305)	1,773	(4,763)

In October 2009 and December 2009, the Group commence liquidation of its wholly-owned subsidiaries, Environment Management Technologies Pte Ltd, Accord Customer Care Solutions (Aust) Pty. Ltd. and Accord Customer Care Solutions (NSW) Pty. Ltd.

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

In S\$'000			YTD	YTD
	Q4-09	Q4-08	31-Dec-09	31-Dec-08
<u>Discontinued Operations</u>				
Interest income	3	2	9	8
Write back of debts due to liquidation of subsidiary	-	307	-	340
	<u>3</u>	<u>309</u>	<u>9</u>	<u>348</u>

1(a)(ix) Administrative Expenses

The administrative expenses comprise mainly staff cost.

In S\$'000			YTD	YTD
	Q4-09	Q4-08	31-Dec-09	31-Dec-08
<u>Discontinued Operations</u>				
<u>Staff Cost</u>				
AMS	182	402	1,645	3,031

Note: For Q4-09, there was reversal of expenses amounting to \$0.4 million to the Administrative expenses.

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

In S\$'000			YTD	YTD
	Q4-09	Q4-08	31-Dec-09	31-Dec-08
<u>Discontinued Operations</u>				
Minimum lease payments under operating lease	98	114	475	792
Depreciation expenses	2	3	10	57
Loss on disposal of fixed assets	-	2	-	31
Loss on liquidation of subsidiaries (Reversal) / Write off of debts due to liquidation of subsidiaries	2,384	-	2,384	751
(Reversal) / Provision of doubtful trade receivables	(119)	-	(119)	219
(Reversal) / Provision of allowance for doubtful other receivables	-	76	-	76
Provision / (Reversal) of allowance for inventories	-	-	822	16
(Gain) / Loss on foreign exchange (Note II)	-	126	-	126
Others	(650)	2,182	(4,170)	3,209
	-	-	1	-
	<u>1,715</u>	<u>2,503</u>	<u>(597)</u>	<u>5,277</u>

1(b)(i) Statement 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 31-Dec-09	Group 31-Dec-08	Company 31-Dec-09	Company 31-Dec-08
ASSETS					
Current assets					
Cash		9,201	7,999	540	342
Cash pledged		1,715	1,816	-	101
Trade receivables	A	27,513	28,505	6,072	6,897
Other receivables and prepayments	B	4,198	6,573	7,188	11,937
Inventories	C	10,964	8,557	330	306
Total current assets		53,591	53,450	14,130	19,583
Non-current assets					
Investment in subsidiaries		-	-	10,002	15,483
Plant and equipment		2,286	3,637	114	414
Goodwill on consolidation		-	3,087	-	-
Other goodwill		2,350	2,500	-	-
Total non-current assets		4,636	9,224	10,116	15,897
Total assets		58,227	62,674	24,246	35,480
Current liabilities					
Bank overdraft		8,896	8,893	2,251	2,215
Trade payables	D	17,942	12,840	558	660
Other payables	E	10,687	13,993	9,873	10,275
Income tax payable		1,486	692	-	-
Obligations under finance leases		-	14	-	-
Convertible notes / bonds	F	8,050	12,850	8,050	12,850
Fair Value adjustment of convertibles	G	814	3,866	814	3,866
Total current liabilities		47,875	53,148	21,546	29,866
Non-current liabilities					
Deferred tax		237	214	-	-
Total non-current liabilities		237	214	-	-
Equity					
Issued capital	1(d)(i)	104,466	99,894	104,466	99,894
Capital redemption reserve		22	22	22	22
Share options reserve		1,836	2,161	1,836	2,161
Foreign currency translation reserve		2,974	4,289	-	-
Revenue reserve		(101,719)	(99,655)	(103,624)	(96,463)
Equity attributable to owners of the parent company		7,579	6,711	2,700	5,614
Minority interests		2,536	2,601	-	-
Total equity and liabilities		58,227	62,674	24,246	35,480

(A) Trade receivables

The trade receivables turnover days is 43 as at 31 December 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>31-Dec-09</u>	<u>31-Dec-08</u>
Related parties	37	966
Recoverables	1,244	3,151
Deposits	1,852	2,003
Prepayments	802	859
Accrued interest receivables	<u>10</u>	<u>13</u>

(C) Inventories

The inventory turnover is 20 days for the quarter ended 31 December 2009 (31 December 2008 : 13 days)

Group inventory as at 31 December 2009 is \$11.0 million (31 December 2008 : \$8.6 million)

(D) Trade payables

Trade payables turnover days is 33 as at 31 December 2009 (31 December 2008 : 24 days).

(E) Other payables

The major components of other payables are tabulated below :

S\$'000	Group	
	<u>31-Dec-09</u>	<u>31-Dec-08</u>
Amount owing to related parties	158	255
Other payables to third parties	1,455	1,967
Accrued staff related expenses	900	1,429
Accrued operating expenses	7,468	9,626
Accrued restructuring costs	<u>658</u>	<u>658</u>

(F) Convertible notes (Balance \$0.55 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 31 December 2009, the Company has issued a total of \$7.5 million convertible notes, of which \$6.95 million has been converted into ordinary shares.

Convertible bonds (Balance \$7.5 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 31 December 2009, the Company has repaid a total of \$4.5 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 31 December 2009		As at 31 December 2008	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	16,396	14	20,893

Note :

The unsecured borrowings of \$16.4 million comprises of :-

- a) \$8.9 million bank overdraft facilities and
- b) \$7.5 million convertible bonds [*Please refer to 1 (d) (ii) (ii), page 13*]

Amount repayable after one year

As at 31 December 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	Q4-09	Q4-08	YTD 31-Dec-09	YTD 31-Dec-08
Operating activities				
Profit (Loss) for year	24	(20,766)	(2,626)	(24,401)
Adjustments for				
Depreciation expense	251	347	1,107	1,510
Interest expense	207	258	892	1,212
Interest income	(6)	(6)	(26)	(48)
Accelerated write-off of software licence	-	-	380	-
Loss on disposal of plant and equipment	183	271	180	314
(Reversal) / Allowance for doubtful other receivables	(42)	1,000	780	(799)
Reversal of impairment on plant and equipment	21	-	-	-
Reversal of restructuring cost	-	-	-	(2,000)
Loss on liquidation / disposal of subsidiaries (Note 1(a)(vii) and 1(c)(ii))	2,384	-	2,384	345
(Reversal) / Allowance for doubtful trade receivables	(77)	(93)	(46)	(499)
Share option expenses	171	314	171	314
Provision / (Reversal) of allowance for inventories	398	312	396	451
(Write back) / Write off of non-trade debts	628	(1,025)	587	(182)
Write off of trade bad debts	20	718	86	16
Minority Interest of non-wholly owned subsidiary disposed	-	-	-	(207)
Negative goodwill released to income	-	63	-	-
Impairment of goodwill on consolidation	-	8,568	3,087	8,568
Impairment of other goodwill	150	5,574	150	5,574
Fair value adjustments on convertible bonds	(1,670)	4,195	(2,960)	4,195
Income tax expense	726	(807)	2,576	(1,207)
Operating cash flows before movements in working capital	3,368	(1,077)	7,118	(6,844)
Trade receivables	(4,272)	2,557	436	4,800
Other receivables and prepaid expenses	(1,167)	881	995	402
Inventories	130	7,107	(2,803)	7,484
Trade payables	3,755	(10,671)	5,102	(5,800)
Other payables	191	4,462	(3,306)	(4,368)
Cash used in operations	2,005	3,259	7,542	(4,326)
Interest received	6	6	26	48
Income tax paid	(156)	(43)	(1,759)	(526)
Net cash used in operating activities	1,855	3,222	5,809	(4,804)
Investing activities				
Purchase of plant and equipment (Note I)	(185)	(805)	(640)	(2,564)
Proceeds from disposal of plant and equipment	42	230	179	707
Net cash (used in) / generated from investing activities:	(143)	(575)	(461)	(1,857)
Financing activities				
Proceeds from issue of shares	500	-	4,800	2,150
Expenses in relation to issuance of convertible notes	-	-	(320)	(640)
Contribution by minority shareholders	-	-	-	392
Interest paid	(207)	(258)	(892)	(1,212)
Repayment of finance lease	-	(11)	(14)	(112)
Proceeds from issuance of convertible notes / bonds	500	-	4,500	12,850
Fixed deposits subject to restriction	101	-	101	86
Redemption of convertible bonds	(500)	-	(4,500)	-
Redemption of convertible notes	(500)	-	(4,800)	-
Repayment of bank loans	-	-	-	(11,610)
Net cash (used in) / generated from financing activities	(106)	(269)	(1,125)	1,904
Net effect of foreign exchange rate changes	(310)	1,194	(3,024)	3,495
Net (decrease) increase in cash & cash equivalents	1,296	3,572	1,199	(1,262)
Cash & cash equivalents at beginning of year	(991)	(4,466)	(894)	368
Cash & cash equivalents at end of period	305	(894)	305	(894)

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

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

In S\$'000	31-Dec-09	31-Dec-08
Cash	10,916	9,815
Bank overdraft	(8,896)	(8,893)
Less: Cash subject to restriction	<u>(1,715)</u>	<u>(1,816)</u>
	<u>305</u>	<u>(894)</u>

Amounts related to 31 December 2008 have been reclassified to conform to current period classification.

1(c)(ii) Liquidation and Disposal of Subsidiaries :

As referred to in Note 1 (a)(vii), the Group commenced liquidation of its wholly-owned subsidiary Environment Management Technologies Pte Ltd in October 2009, and subsidiaries Accord Customer Care Solutions (Aust) Pty. Ltd. and Accord Customer Care Solutions (NSW) Pty. Ltd in December 2009 .

	<u>2009</u> \$'000	<u>2008</u> \$'000
Book values of net assets liquidated / disposed		
Current assets		
Cash and bank balances	725	415
Trade receivables and other receivables	581	456
Inventories	<u>119</u>	<u>126</u>
Total current assets	<u>1,425</u>	<u>997</u>
Non-current asset		
Plant and equipment	<u>37</u>	<u>231</u>
Current liabilities		
Trade and other payables	<u>(786)</u>	<u>(477)</u>
Net assets	676	751
Loss on disposal	<u>(676)</u>	<u>(751)</u>
Total consideration	<u>-</u>	<u>-</u>
Total consideration, satisfied by cash	<u>-</u>	<u>-</u>
Cash inflow arising on disposal:		
Cash consideration paid	<u>-</u>	<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
Group (3 months ended 31 December 2008)								
Balance as at 1 October 2008	99,565	22	3,015	3,159	(81,277)	24,484	3,758	28,242
Total comprehensive income / (expense) for the period	-	-	-	1,130	(19,545)	(18,415)	(1,220)	(19,635)
Reversal of expenses related to equity-settled share-based payment	-	-	(1,167)	-	1,167	-	-	-
Convertible note – Fair value loss	329	-	-	-	-	329	-	329
Recognition of share-based payments	-	-	313	-	-	313	-	313
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	63	63
Balance as at 31 December 2008	99,894	22	2,161	4,289	(99,655)	6,711	2,601	9,312
Group (3 months ended 31 December 2009)								
Balance as at 1 October 2009	103,874	22	2,162	1,575	(102,251)	5,382	2,547	7,929
Total comprehensive income / (expense) for the period	-	-	-	1,399	35	1,434	(11)	1,423
Reversal of expenses related to equity-settled share-based payment	-	-	(497)	-	497	-	-	-
Convertible note – Fair value loss	92	-	-	-	-	92	-	92
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	500	-	-	-	-	500	-	500
Recognition of share-based payments	-	-	171	-	-	171	-	171
Balance as at 31 December 2009	104,466	22	1,836	2,974	(101,719)	7,579	2,536	10,115
Company (3 months ended 31 December 2008)								
Balance as at 1 October 2008	99,565	22	3,015	-	(82,617)	19,985	-	19,985
Total comprehensive income / (expense) for the period	-	-	-	-	(15,013)	(15,013)	-	(15,013)
Reversal of expenses related to equity-settled share-based payment	-	-	(1,167)	-	1,167	-	-	-
Convertible note – Fair value loss	329	-	-	-	-	329	-	329
Recognition of share-based payments	-	-	313	-	-	313	-	313
Balance as at 31 December 2008	99,894	22	2,161	-	(96,463)	5,614	-	5,614
Company (3 months ended 31 December 2009)								
Balance as at 1 September 2009	103,874	22	2,162	-	(99,350)	6,708	-	6,708
Total comprehensive income / (expense) for the period	-	-	-	-	(4,771)	(4,771)	-	(4,771)
Reversal of expenses related to equity-settled share-based payment	-	-	(497)	-	497	-	-	-
Convertible note – Fair value loss	92	-	-	-	-	92	-	92
Expenses in relation to issuance of convertible notes	-	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	500	-	-	-	-	500	-	500
Recognition of share-based payments	-	-	171	-	-	171	-	171
Balance as at 31 December 2009	104,374	22	1,836	-	(103,624)	2,700	-	2,700

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
Group (12 months ended 31 December 2008)								
Balance as at 1 January 2008	98,055	22	3,015	789	(77,786)	24,095	3,781	27,876
Total comprehensive income / (expense) for the period	-	-	-	3,500	(23,036)	(19,536)	(1,365)	(20,901)
Reversal of expenses related to equity-settled share-based payment	-	-	(1,167)	-	1,167	-	-	-
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	2,150	-	-	-	-	2,150	-	2,150
Convertible note – Fair value loss	329	-	-	-	-	329	-	329
Recognition of share-based payments	-	-	313	-	-	313	-	313
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	-	-
Minority interest of non-wholly owned subsidiary disposed	-	-	-	-	-	-	392	392
Balance as at 31 December 2008	<u>99,894</u>	<u>22</u>	<u>2,161</u>	<u>4,289</u>	<u>(99,655)</u>	<u>6,711</u>	<u>(207)</u>	<u>(207)</u>
Group (12 months ended 31 December 2009)								
Balance as at 1 January 2009	99,894	22	2,161	4,289	(99,655)	6,711	2,601	9,312
Total comprehensive income / (expense) for the period	-	-	-	(1,315)	(2,561)	(3,876)	(65)	(3,941)
Reversal of expenses related to equity-settled share-based payment	-	-	(497)	-	497	-	-	-
Expenses in relation to issuance of convertible notes	(320)	-	-	-	-	(320)	-	(320)
Issue of shares upon conversion of convertible notes	4,800	-	-	-	-	4,800	-	4,800
Convertible note – Fair value loss	92	-	-	-	-	92	-	92
Recognition of share-based payments	-	-	172	-	-	172	-	172
Balance as at 31 December 2009	<u>104,466</u>	<u>22</u>	<u>1,836</u>	<u>2,974</u>	<u>(101,719)</u>	<u>7,579</u>	<u>2,536</u>	<u>10,115</u>
Company (12 months ended 31 December 2008)								
Balance as at 1 January 2008	98,055	22	3,015	-	(83,359)	17,733	-	17,733
Total comprehensive income / (expense) for the period	-	-	-	-	(14,271)	(14,271)	-	(14,271)
Reversal of expenses related to equity-settled share-based payment	-	-	(1,167)	-	1,167	-	-	-
Expenses in relation to issuance of convertible notes	(640)	-	-	-	-	(640)	-	(640)
Issue of shares upon conversion of convertible notes	2,150	-	-	-	-	2,150	-	2,150
Convertible notes – Fair value loss	329	-	-	-	-	329	-	329
Recognition of share-based payments	-	-	313	-	-	313	-	313
Balance as at 31 December 2008	<u>99,894</u>	<u>22</u>	<u>2,161</u>	<u>-</u>	<u>(96,463)</u>	<u>5,614</u>	<u>-</u>	<u>5,614</u>
Company (12 months ended 31 December 2009)								
Balance as at 1 January 2009	99,894	22	2,161	-	(96,463)	5,614	-	5,614
Total comprehensive income / (expense) for the period	-	-	-	-	(7,658)	(7,658)	-	(7,658)
Reversal of expenses related to equity-settled share-based payment	-	-	(497)	-	497	-	-	-
Expenses in relation to issuance of convertible notes	(320)	-	-	-	-	(320)	-	(320)
Issue of shares upon conversion of convertible notes	4,800	-	-	-	-	4,800	-	4,800
Convertible note – Fair value loss	92	-	-	-	-	92	-	92
Recognition of share-based payments	-	-	172	-	-	172	-	172
Balance as at 31 December 2009	<u>104,466</u>	<u>22</u>	<u>1,836</u>	<u>-</u>	<u>(103,624)</u>	<u>2,700</u>	<u>-</u>	<u>2,700</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 31 December 2009, the issued ordinary shares of the Company numbered 2,626,394,414. During the quarter, the Company issued 111,111,111 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 December 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 31 December, 2009</u>	<u>Subscription Price</u>	<u>Expiry date</u>
17 September 2003	1,388,566	(732,856)	655,710	\$0.3111	16 September 2013
14 April 2004	10,298,555	(1,562,139)	8,736,416	\$0.5063	13 April 2014
22 September 2005	11,238,000	-	11,238,000	\$0.1206	21 September 2010
10 January 2008	1,088,000	-	1,088,000	\$0.0550	09 January 2013
13 May 2008	22,000,000	(12,500,000)	9,500,000	\$0.0300	12 May 2018
	<u>46,013,121</u>	<u>(14,794,995)</u>	<u>31,218,126</u>		

Conversion of outstanding convertibles (Refer to statement of financial position **Note F**, \$8.05 million convertibles)

	<u>31 December 2009</u>	<u>31 December 2008</u>
Number of Shares	<u>1,717,966,903</u>	<u>1,808,730,159</u>
i)	If the note holders had opted to convert the notes into equity shares on 31 December 2009, the number of shares issued for \$0.55 million convertible notes would have been 122,222,222.	
ii)	On the convertible bonds amounting to \$7.50 million, the bondholders may choose to convert to ordinary shares or to receive repayment on the scheduled dates as follows :-	
a)	\$4.0 million due on or before 30 June 2010.	
b)	On 31 December 2009, a repayment of \$500,000 was made to the bondholders and the balance \$3.5 million due for payment on 31 December 2009 remained outstanding.	

The Group and the bondholders have entered into negotiations for a variation of the repayment of the \$7.5 million convertible bonds. Agreement between the bondholders and the Group is crucial to the Group's ability to continue as a going concern.

If the bondholders had opted to convert the loans into equity shares on 31 December 2009, the number of shares issued for \$7.5 million convertible bonds would have been 1,595,744,681.

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>2,626,394,414</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 December 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

Earnings per ordinary share	YTD	YTD
(based on consolidated net profit / (loss)	31-Dec-09	31-Dec-08
attributable to equity holders of the Company)	Cents	Cents
From continuing and discontinued operations:		
- Basic	(0.12)	(1.33)
- Fully diluted	<u>(0.12)</u>	<u>(1.33)</u>
From continuing operations:		
- Basic	(0.20)	(1.06)
- Fully diluted	<u>(0.20)</u>	<u>(1.06)</u>
From discontinuing operations:		
- Basic	<u>0.08</u>	<u>(0.27)</u>
- Fully diluted	<u>0.08</u>	<u>(0.27)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 2,220,268,084 (31 December 2008 : 1,737,728,536).

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 2,220,268,084 (31 December 2008 : 1,737,728,536).

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-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	Cents	Cents	Cents	Cents
Net Asset Value (“NAV”) per share	<u>0.34</u>	<u>0.39</u>	<u>0.12</u>	<u>0.32</u>

The NAV per share as at 31 December 2009 is calculated based on 2,220,268,084 (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, increased by 22% to \$67.8 million. This is mainly due to:-

- i) increase in DMS revenue of \$14.4 million due to higher retail and distribution businesses;
- ii) decrease in AMS revenue of \$2.4 million due to closure of non-profitable subsidiaries and lower revenue from overseas subsidiaries.

For FY2009, the Group reported a 13% decrease in revenue from S\$260.8 million for FY2008 to S\$226.3 million. This is primarily due to:-

- i) overall decrease in DMS revenue of \$29.9 million due to lower retail and distribution businesses for the year, notwithstanding the higher retail and distribution revenues recorded for Q4-09 compared to Q4-08;
- ii) decrease in AMS revenue of \$4.6 million due to cessation of certain non-viable AMS business and liquidation of non-profitable overseas subsidiaries.

Profit / (Loss) after income tax

In Q4-09, the Group reported a net profit after tax of \$0.02 million; the Group's operating profit was at \$1.4 million, if the non-cash charges and gain were excluded. Details of the main non-cash items are as follows:-

- i) Loss upon liquidation of its subsidiaries in Australia amounting to \$2.4 million;
- ii) Fair value gain on convertible bonds / note of \$1.7 million.

In comparison, the Group has reported a net loss of \$20.8 million in Q4-08. Operating profits for Q4-08 was at \$0.9 million, if the below major non-cash charges were excluded :-

- i) Impairment of goodwill of \$14.1 million;
- ii) Fair value loss on convertible bonds / note of \$4.2 million;
- iii) Currency translation loss of \$1.8 million; and
- iv) Provision of allowance for doubtful other receivables of \$1.0 million.

The better operating profits of \$1.4 million in Q4-09 as compared to an operating profit of \$0.9 million in Q4-08 was mainly due to better gross margin from DMS and lower administrative expenses.

For FY2009, the Group recorded a net loss of \$2.6 million, as compared to a loss of \$24.4 million in FY 2008. Excluding non-cash charges of \$1.3 million, operating loss for FY2009 is \$1.3 million, compared to operating loss of \$3.7 million in FY 2008 after taking into account non-cash charges of \$20.72 million.

Cash Flows

On a year-to-year basis, there is an increase in cash position mainly due to better management 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

During FY 2009, the Group has repaid a total of \$4.5 million to the lenders; the Group continues to engage with its lenders and is working towards a long term resolution with the 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.

In the midst of the challenging market conditions, the Group will continue to review and restructure its operations to enhance efficiencies, so as to improve its financial performance.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statement, with comparative information for the immediately preceding year.**

The group adopted FRS 108 with effect from January 1, 2009. As a result, following the adoption of FRS 108, the identification of the group’s reportable segments has changed. The comparatives have been restated to conform to the requirements of FRS 108.

For management purposes, the Group is organized in two business segments – After-Market Services (‘AMS’) and Distribution Management Solutions (‘DMS’). Under AMS, revenue is mainly derived from the provision of mobile phone and consumer electronics in-warranty and out-warranty repairs carried out on behalf of the Group’s partners to their end consumers. Under DMS, revenue is derived mainly from the distribution and retail of mobile phones and accessories, and the provision of mobile related services. The segments are the basis on which the Group reports its primary segment information to the group’s chief operating decision maker for the purposes of resource allocation and assessment of the segment performance.

	<u>Revenue</u>		<u>Net Profit</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	S\$’000	S\$’000	S\$’000	S\$’000
Continuing operations				
AMS	21,366	25,965	(3,925)	(15,599)
DMS	204,896	234,845	1,008	922
	<hr/>	<hr/>	<hr/>	<hr/>
Total for continuing operations	226,262	260,810	(2,917)	(14,677)
	<hr/>	<hr/>	<hr/>	<hr/>
Investment Revenue			349	158
Other gains and losses			1,642	(5,115)
Finance costs			(892)	(1,212)
			<hr/>	<hr/>
Profit before tax (continuing operations)			(1,818)	(20,846)
			<hr/>	<hr/>
Discontinuing operations				
AMS	3,653	6,693	1,768	(4,762)
	<hr/>	<hr/>	<hr/>	<hr/>
Total for discontinuing operations	3,653	6,693	1,768	(4,762)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit before tax (discontinuing operations)			1,768	(4,762)
			<hr/>	<hr/>
Income tax expense (continuing and discontinued)			(2,576)	1,207
			<hr/>	<hr/>
Consolidated revenue (excluded investment revenue) and profit / (loss) for the year	229,915	267,503	(2,626)	(24,401)
	<hr/>	<hr/>	<hr/>	<hr/>

Revenue reported above represents revenue generated from external customers.

Investment Revenue

	<u>Group</u>	
	<u>Continuing operations</u>	
	<u>2009</u>	<u>2008</u>
	S\$'000	S\$'000
Rental income	<u>349</u>	<u>158</u>

Other Gains and Losses

	<u>Group</u>	
	<u>Continuing operations</u>	
	<u>2009</u>	<u>2008</u>
	S\$'000	S\$'000
Net foreign exchange gains / (losses)	(759)	(658)
Gain / (loss) on disposal of plant and equipments	(560)	(262)
Change in fair value of financial liabilities designated as at fair value through profit or loss	2,960	(4,195)
Others	<u>1</u>	<u>-</u>
	<u>1,642</u>	<u>(5,115)</u>

Segment assets

	<u>2009</u>	<u>2008</u>
	S\$'000	S\$'000
AMS	6,864	15,963
DMS	48,913	41,124
Total segment assets	<u>55,877</u>	<u>57,087</u>
Unallocated assets	2,350	5,587
Consolidated total assets	<u>58,227</u>	<u>62,674</u>

All assets are allocated to reportable segments other than Goodwill.

Other segment information

	<u>Depreciation and</u>		<u>Additions to</u>	
	<u>Amortisation</u>		<u>non-current assets</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
AMS	423	887	(257)	1,074
DMS	674	566	888	954
	<u>1,097</u>	<u>1,453</u>	<u>631</u>	<u>2,028</u>

In addition to the depreciation and amortization reported above, impairment losses of \$3.2 million (2008: \$14.1 million) were recognized in respect of goodwill.

These impairment losses were attributed to the following reportable segments:

	<u>2009</u>
	S\$'000
AMS	3,087
DMS	150
	<u>3,237</u>

Geographical Operation

The group operates in three operating geographical areas, namely, South Asia, North Asia and South Pacific.

South Asia comprises Indonesia, Thailand, India, Malaysia and Singapore.

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

South Pacific comprises Australia and New Zealand.

	Revenue from		Non-current assets	
	<u>External customers</u>			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
South Asia	225,619	259,656	4,215	8,682
North Asia	643	2,884	449	504
South Pacific	3,652	4,963	-	38
	229,914	267,503	4,664	9,223

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

AMS revenue decreased mainly due to the lower sales, and disposal and liquidation of subsidiaries.

BY ORDER OF THE BOARD

Philip Eng Heng Nee
Chairman

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

We, Mah Kah On and Ong Ghim Choon, 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 fourth 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

Ong Ghim Choon
Chief Executive Officer

Singapore, 26 February 2010