

UNIFIED COMMUNICATIONS HOLDINGS LIMITED





FOREWORD\2008

Fully Recharged

If 2007 was a year of contrasting results for the Group, 2008 was a picture of resounding and reaffirming positives.

While 2007 required perspective in determining what to make of the year's mixed results (of good and not-so-good outcomes), 2008 was in contrast, a year that held little ambiguity.

Building on the progress achieved in 2007, we secured considerable further improvement in the underlying performance of the Group's continuing businesses in 2008.

Such further improvement resulted in the return of the Group to profitability at both the operating and net profit after tax lines.

Ultimately, 2008 was a year in which the Group managed to 'fully recharge' its batteries, so to speak.

With our batteries fully recharged at the beginning of 2009, we are now even better situated to advance into a future of profitable growth.

Growth that will be achieved by the continued execution of the adopted development strategies to strengthen the Group's position as a leading innovator of systems, solutions and managed services relating to: (1) content driven mobile value-added-services [VAS]; (2) mobile messaging and signalling [TECH]; and (3) mobile network operation support systems [OSS].

All in all, we saw four key elements that were put in place at the Group in 2008, to ensure that our portfolio of businesses was indeed fully recharged come the new financial year:

The first part of this year's Annual Report has been prepared to summarily describe these elements of our rejuvenation, and to serve as a preamble to the more detailed review of 2008 operations by our Executive Directors.

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2008/PORTFOLIO

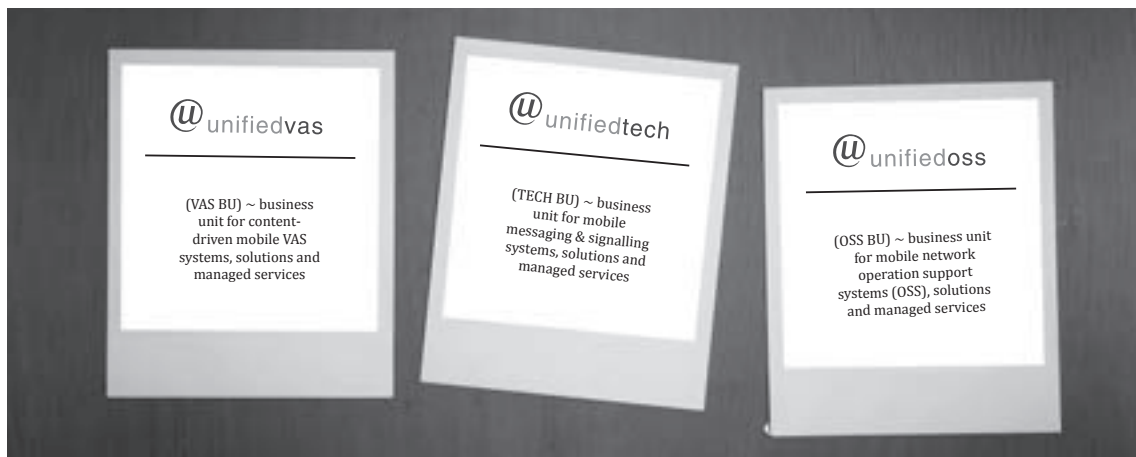
Streamlining our Portfolio of Technology and Talent

Since 2005 the development strategy of the Group has been to capitalise on the growing demand for innovative mobile data and value-added-services

(VAS) systems, solutions and managed services within the developing mobile telecommunications markets of South East Asia, South Asia and the Middle East/North Africa. During this time, particular emphasis was placed on growing revenue streams of a more recurrent nature from Tier-1 mobile telecommunications network operator clients.

While 2007 represented a year during which our focus was largely fixed on further straightening out kinks in our business operations and on implementing the Mobile Number Portability Clearinghouse project in Malaysia, significant progress was made during that year, and continued to be made through to 2008, in securing new system and solution deployments, especially for the Group's new products within both the Proprietary Solutions (PS) and Operation Support Systems (OSS) business segments. During the two-year period between 2007 and 2008, the Group's product portfolio was made even more comprehensive through the addition of a further 10 new product offerings.

Against this backdrop of a burgeoning product portfolio and growing client base, measures first initiated in 2007 to both sharpen the market focus of the Group and streamline our key assets to deliver profitable growth – our technology portfolio and talent pool- were finally seen through to completion by end-2008. The two key initiatives executed to this end were: (1) the exit of the Group in 2008 from the low-growth, low-profitability Distribution business segment realised via the scaling-down, and eventual cessation of operations of the Attrix Group, and (2) the formal reorganisation by end-2008, of the technology and talent of the Group's two continuing mobile telecoms-focused business segments into three legally distinct and operationally self-contained business units.



REORGANISATION OF TECHNOLOGY AND TALENT INTO DISTINCT BUSINESS UNITS

Under the reorganisation initiative, the Group's existing Proprietary Solutions business segment has been split into the Mobile VAS Business Unit (VAS BU) and the Mobile Technology Business Unit (TECH BU). The OSS business segment represented by operating subsidiary GlobeOSS Sdn Bhd meanwhile, is subsumed under the OSS Business Unit (OSS BU). The reorganisation of the Group's two continuing business segments into three distinct business units from 2009 onwards is a strategic initiative of the Group to drive more rapid innovation as well as the growth of its businesses in these three high-growth-potential market segments of the mobile telecommunications industry.

In streamlining the organisation of technologies and talent of the Group into these three key business units, each with its own acutely market segment-focused management as well dedicated sales, product management, service management, project management, technical implementation, software development and finance functions, it is believed that the Group's capability to expediently capture profitable growth opportunities, respond to competitive threats and anticipate future trends in their respective mobile telecommunications market segments will be significantly enhanced.



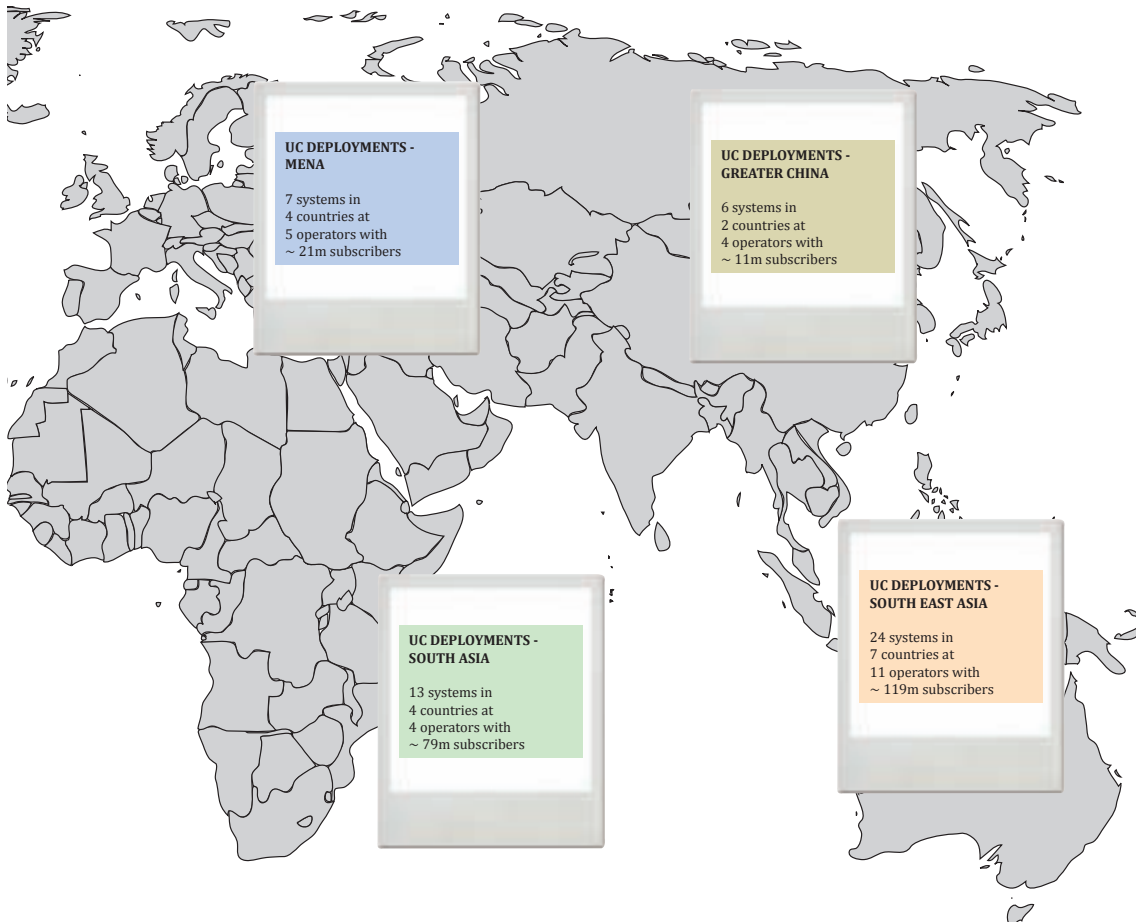
PRESENCE\2008

Fast Growing Deployment Footprint

By end-2008 the Group had 50 systems deployed in 17 countries at 24 operator networks addressing ~ 230 million subscribers.

Out of this total number of system and solution deployments for the Group's PS business segment to-date, a significant proportion was secured and implemented during 2007 and 2008. During this two-year period a total of 29 systems and solutions were deployed, representing some 58% of the total deployments achieved since the Group's inception. In 2008 our presence particularly in South Asia and the Middle East/Africa was reinforced with several new deployments and operator clients secured to firmly establish our reputation and presence in these high-growth regions. The Group's OSS business segment (OSS BU - GlobeOSS Sdn Bhd) meanwhile, had made inroads into 7 countries and successfully completed more than 2.8 million roaming tests to-date. Consistent with the Group's strategic focus on the market for mobile data and VAS products, 44% of the total deployments secured to-date are that of mobile VAS systems and solutions. In terms of regional distribution, 40% of these deployments are in South Asia and the Middle East/North Africa, while 46% were in South East Asia and the remaining 14% in Greater China. The Group is now truly a strong and well-established international player in its market segments.

The significant advances made by the Group in 2007 and 2008 combined, in terms of establishing its credentials and capabilities in regions of focus outside of South East Asia, (South Asia and Middle East/North Africa), provides us with considerable momentum that will be harnessed to further extend our penetration into these high-growth regions.





2008/PROFITABILITY

Return to Positive Financial Performance

Improvement in underlying profitability – positive EBITDA before and after exceptional items and PAT...



The trend in profitability improvement of the Group at the operating and net profit after tax levels was successfully extended in 2008. EBITDA (earnings before interest, tax, depreciation and amortisation) before exceptional items rose by 40% to S\$5.8m, while EBITDA after exceptional items returned to the positive at S\$4.7m, as compared to the negative EBITDA of S\$0.7m in 2007. Profit after tax for 2008 was S\$2.7m, delivered through four consecutive quarters of profits, representing a marked improvement of some S\$6.2m on 2007's loss of S\$3.5m.

...driven by both higher GP margin and lower opex.



The Group's gross profit margin in 2008 improved by 30% to achieve a GP margin of 47%, as compared to 36% in 2007, to aid the improvement in net profitability. The 4-year trend of declining total opex before exceptional items was further extended in 2008, with ongoing expense containment initiatives delivering another 8% reduction in 2008, against 2007. Total opex after exceptional items was meanwhile considerably reduced in 2008 – by 32% or S\$4.4m – against the corresponding result for 2007.

* Exceptional items comprise those items disclosed in the Note 5 to the Financial Statements for the year ended 31 December 2008 excluding foreign exchange losses and "others".



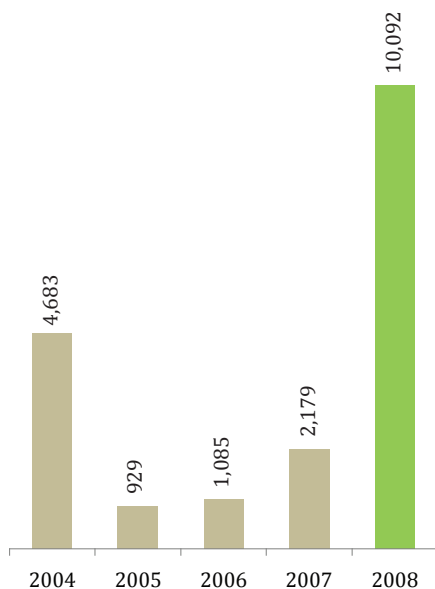
POSITION OF STRENGTH\2008

Positive Balance Sheet Profile

The Group emerges from 2008 in a position of strength to tackle the opportunities and potential macro-challenges of 2009 and beyond. The balance sheet of the Group reflects a capital structure that gives the Group strength to weather potentially adverse macroeconomic and monetary conditions to sustain the execution of its growth strategies. Total equity had increased to S\$24.0m in 2008, while total borrowings further declined to a negligible S\$0.1m, resulting in negligible gearing of 0.5%.



Cash & Cash Equivalents (S\$'000)



However, the most significant financial highlight for 2008 is the strong cash position of the Group by year-end, wherein cash and cash equivalents on the Group's balance sheet stood at S\$10.1m as at 31 December 2008.

The net tangible asset position of the Group showed an improvement of 6% in 2008, while the Group's working capital position garnered an increase of 28%. Of the Group's working capital of S\$18.2m, 55% is backed by cash as at 31 December 2008, placing the Group in a position of strength to empower the Group to further our expansion and growth in 2009 and beyond.

CORPORATE INFORMATION

Board of Directors	:	Lee Su Nie Chuah Seong Phaik Phuah Peng Hock Wong Tze Leng Anton Syazi Ahmad Sebi	(Non-Executive Chairman) (Independent Director) (Independent Director) (Chief Executive Officer) (Deputy Chief Executive Officer)
Company secretaries	:	Toon Choi Fan, ACIS Lim Aik Kun, ACIS	
Registered office	:	168, Jalan Bukit Merah Connection 1, Tower 3 #04-08A, Singapore 150168	
Share registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 3 Church Street #08-01 Samsung Hub Singapore 049483	
Auditors	:	BDO Raffles Public Accountants and Certified Public Accountants Partner-in-charge: Chan Hock Leong Appointed from the financial year ended 31 December 2007	
Bankers	:	DBS Bank Ltd HSBC Bank Malaysia Berhad	

BOARD OF DIRECTORS

Ms Lee Su Nie

Non-Executive Chairman

Ms Lee Su Nie has been a Non-Executive Director of the Company since 18 December 2003 and was appointed Non-Executive Chairman on 22 June 2006. She is also the Chief Executive Officer and Executive Director of Advance Synergy Berhad, the Group's ultimate holding company.

Ms Lee graduated from the University of Birmingham, United Kingdom, with a Bachelor of Commerce (Accounting) degree in 1983 and went on to pursue her Masters of Science (Business Administration) at the University of Bath, United Kingdom, in 1984. Ms Lee is also a Fellow Member of The Association of Chartered Certified Accountants, United Kingdom.

In 1985, Ms Lee joined Kassim Chan Management Consultants Sdn. Bhd. where she provided management consultancy services. Ms Lee joined the Corporate Finance Department of Rakyat Merchant Bankers Berhad in 1989. In 1991, she left Rakyat Merchant Bankers Berhad to join Perdana Merchant Bankers Berhad. Ms Lee subsequently left her position as First Vice President, Corporate Finance of the Bank to join Advance Synergy Berhad in 1995. She presently holds directorships in several companies within the Advance Synergy Berhad Group.

Mr Chuah Seong Phaik

Independent Director

Mr Chuah Seong Phaik was appointed to the Board on 18 December 2003. Mr Chuah has extensive experience in audit, finance and management including eight years as the Finance Director of a main board listed company on Bursa Malaysia Securities Berhad. He is the founder and Chairman of Messrs Paul Chuah & Co. He is currently an Independent Non-Executive Director of A.A. Anthony Securities Sdn Bhd, a subsidiary of Multi-Purpose Holdings Berhad Group.

Mr Chuah is a fellow of the Institute of Chartered Accountants in England and Wales, a Chartered Accountant of the Malaysian Institute of Accountants, a Certified Public Accountant with the Malaysian Institute of Certified Accountants and an Associate Member of the Institute of Internal Auditors of Malaysia.

Mr Phuah Peng Hock

Independent Director

Mr Phuah Peng Hock was appointed to the Board on 18 December 2003. Mr Phuah is the founder and Managing Director of Aviha Consulting Pte Ltd, a management consultancy company focusing in business process upgrading with Information Technology.

Mr Phuah started out as a Design Engineer before switching to the business development field. In 1990, he joined Dynacast (S) Pte Ltd, a British-based die-casting company involved in regional marketing work. He then moved on to Ugimagnetic (S) Pte Ltd, a European-based manufacturer of magnet assembly for disk drives, as Marketing Manager in 1992. In 1994, he joined a company set up by the Economic Development Board of Singapore as a Senior Consultant, where he was involved in various areas of management consultancy.

He co-founded Advisor Associates (S) Pte Ltd, specialising in growth mentorship consultancy, in 2000.

Mr Phuah holds a Bachelor of Engineering (Hon) from the University of Strathclyde, UK, Graduate Diplomas in Marketing Management (Marketing Institute of Singapore) and Marketing (Chartered Institute of Marketing, UK), as well as a Masters degree in Entrepreneurship & Innovation from Swinburne University of Technology, Australia in 1994.

Mr Wong Tze Leng

*Group Chief Executive Officer and Executive Director
Head of Managed Services Business*

Mr Wong Tze Leng, Group CEO and Executive Director, was appointed to the Board on 27 December 2002 and also currently serves as Head of the Managed Services Business of the Group. Mr Wong has over 15 years' experience in the information technology industry, with specific expertise in the telecommunications sector. He started his career in 1988 as an Engineer in the Singapore Institute of Standards & Industrial Research's design and development centre. He gained specialised expertise in computer telephony technology when he joined Federal Computer Services Pte Ltd in 1990 as a Software Engineer and later progressed to the position of Software Manager.

In 1993, he joined Dialogic as an Applications Engineer and was later promoted to the position of Business Development Director for the Asia Pacific region. During his career with Dialogic, he established a close rapport and working relationship with numerous IT companies and telcos in the Asia Pacific region. In 1998, he left Dialogic and founded the Group. Mr Wong graduated from Monash University, Victoria, Australia, with a Bachelors degree in Computer Science in 1985 and subsequently obtained a Bachelors degree in Electrical and Electronic Engineering in 1987 from the same university.

Mr Anton Syazi Ahmad Sebi

*Group Deputy Chief Executive Officer & Executive Director
Head of VAS Business Unit*

Mr Anton Syazi Ahmad Sebi, Deputy Chief Executive Officer since December 2005, was appointed to the Board on 22 June 2006. He is also currently General Manager – Corporate Development of Advance Synergy Berhad (ASB) and holds directorships in several private companies within the ASB group of companies.

Prior to joining ASB in June 2001, Mr Anton was with the South East Asia Investment Banking Division of Credit Suisse First Boston. Mr Anton is responsible for new business, corporate finance, risk management, legal, human resources and overall strategic planning at the Group, as well as the design and implementation of business systems and business process improvement initiatives that further the Group's immediate and long-term objectives. He also currently serves as the Head of the VAS Business Unit of the Group.

Mr Anton graduated from the London School of Economics, University of London, with a Bachelor of Science in Economics. He has a Master of Arts in Finance and holds an Investment Management Certificate awarded by the UK Society of Investment Professionals.

KEY EXECUTIVE TEAM

Mr Anthony Ching Ming Wai

*Group Technology Director &
Head of Technology Business Unit*

Mr Anthony Ching Ming Wai joined the Group in 2002 as Group's Head of Product Planning and Management. His principal role as Group Technology Director is to initiate and coordinate the development of innovative telecommunications products and solutions within the Group. Mr Ching also currently serves as the Head of the Technology Business Unit of the Group.

With more than 18 years of experience in the development, sales and marketing of telecommunications products and services, Mr Ching, a qualified Chartered Engineer of Institute of Electronic and Electrical Engineering, has a sound base of industry know-how and keen insight into the evolving needs of telecommunications operators.

Prior to joining the Group, Mr Ching held many senior positions including Director of Telecom System Development in an ad-supported mobile telecoms services company and technical manager of a supplier of voice information processing systems. In 1995, Mr Ching was the Unit Head of an in-house development team in Hong Kong Telecom.

Mr Ching graduated with First Class Honours in Information Technology from the City University of Hong Kong.

Mr Ho Ting Sai

Group Business Development Director

Mr Ho Ting Sai is currently a Group Business Development Director and holds directorships in several subsidiary companies of the Group. His main areas of responsibility are business development of the Group as well as overseeing project implementation, service delivery and post sales support for several key clients.

Mr Ho joined the Group in March 1999. He has more than 14 years of experience in the information technology and communications industry with core competencies in telecommunications products and services.

Prior to joining the Group, Mr Ho was an R&D engineer with a supplier of very small aperture terminals (VSATs), microwave communications and RF equipment, now a division of a Singapore Government-linked enterprise, and a Product Manager in a multimedia and signalling technologies and platforms vendor.

Mr Ho graduated from the Nanyang Technology University with a Bachelor of Engineering (Hons) degree in Electrical and Electronic Engineering.

Ms Chin Wei Li

Group Financial Controller

Ms Chin Wei Li joined the Group in January 2001 as Group Financial Controller.

Prior to joining the Group, she was a Senior Manager in the audit assurance services group of Pricewaterhouse-Coopers Malaysia, where she gained 11 years' of extensive experience in the field of business assurance involving various public listed companies in a wide range of industries including property, financial services, timber and publishing.

Ms Chin is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

Mr Ng Sai Kit

Senior Manager, Group Corporate Finance & Strategic Planning

Mr Ng Sai Kit joined the Group in October 2007 and he is tasked with carrying out feasibility and market studies for new business and strategic planning, amongst other corporate finance, corporate affairs and investor-relations related matters for the Group.

He has some 11 years of total working experience in audit and corporate finance, beginning with one of the largest property development groups in Malaysia in its group internal audit department. Mr Ng then joined one of the top 4 audit assurance services group in Malaysia. After gaining experience in audit and corporate advisory with the audit assurance services group, he worked for an investment bank and 3 Malaysia listed corporations, all within the corporate finance function.

Mr Ng is a Chartered Accountant of the Malaysia Institute of Accountants and Fellow Member of The Association of Chartered Certified Accountants, United Kingdom.

Mr Danson Phang Deng Sheng

Senior Manager, Group Finance

Mr Danson Phang Deng Sheng joined the Group in May 2008 as Senior Manager of Group Finance.

Prior to joining the Group, he was Group Financial Controller of a Malaysia listed corporation in mobile value-added-services industry. From 1999 to 2006, he has gained comprehensive experience in auditing, accounting and finance with a leading audit assurance services group, a Malaysia listed corporation in construction industry and one of the world's largest automotive interior group.

Mr Phang graduated from the University of Strathclyde of Scotland with a Bachelor of Accounting and Finance degree. He is also a Chartered Management Accountant of the Chartered Institute of Management Accountants.

KEY EXECUTIVE TEAM

Mr Yong Choon Vooi

Senior Manager, Group Programme Management Office

Mr Yong Choon Vooi joined the Group in February 2008. He has a total of 15 years' experience in the field of software development and project management. Mr Yong oversees the Group Programme Management Office that is tasked to effect best practices in project management to ensure the successful implementation of the Group's projects.

He started his career with a software development house (one of the largest Malaysian conglomerates) as programmer, before joining a Malaysian listed firm specialising in human resource management and financial/distribution software and thereafter, a large Malaysian educational group as Project Director of their campus management solutions development company. Prior to joining the Group, Mr Yong was the Senior Project Manager of a Malaysia-based firm that develops various solutions for the financial services industry. Mr Yong graduated with a Bachelor of Computer Science from Campbell University, Texas, USA.

Mr Raymond Siu Wai Yuen

Deputy Head & Director of Sales and Product VAS Business Unit

Mr Raymond Siu Wai Yuen joined the Group in 2003 as Business Development Manager and is currently Deputy Head and Director of Sales and Product of the VAS Business Unit of the Group.

Mr Siu has more than 10 years of extensive operations and development experience in the telecoms value-added-services (VAS) business segment. As Deputy Head and Director of Sales and Product of the VAS Business Unit, he is primarily responsible for its product planning, product marketing, sales and business development functions.

Prior to joining the Group, Mr Siu worked in various roles encompassing development, pre-sales and international sales in telecommunications network operator, ISP, and technology product companies.

Mr Siu graduated from the Chinese University of Hong Kong with a Bachelor of Engineering specializing in Information Engineering.

Mr Bobby Tan Chai Aik

Senior Manager & Director of Operations Managed Services Business

Mr Bobby Tan Chai Aik is currently Senior Manager and Director of Operations of the Managed Services Business of the Group. His main areas of responsibility are operations management of Mobile Number Portability Clearinghouse Services and business development of the Group's Managed Services Business.

Mr Tan joined the Group in August 2007. He has more than 18 years of experience in the information technology and telecommunications industry with core competencies in online business and services.

Prior to joining the Group, he was the Head of DealerNet and E-Business Consultant in Maxis Communications Berhad, responsible for E-Business transformation of Maxis' dealer network, suppliers, partners and customers. He started his career in Novell Inc. and Digital Equipment Corporation as a Systems Engineer, providing him with a strong foundation in networking and technical support.

Mr Tan holds a Diploma in Computer Science from Universiti Pertanian Malaysia, a Bachelor in Business Administration Degree from Ottawa University in Kansas, USA and a Masters in Business Administration from Irish International University, Ireland. He is also a Certified Project Manager and a Certified E-Business Consultant, a member of Information Systems Audit and Control Association, as well as a member of the British Computer Society.

Mr Ann Wan Kuan

Chief Executive Officer of GlobeOSS Sdn Bhd

Mr Ann Wan Kuan, CEO of GlobeOSS Sdn Bhd, a subsidiary of the Group's Operation Support Systems (OSS) Business Unit, has been in the information technology and telecoms industry for more than 16 years specifically in the area OSS.

Prior to establishing GlobeOSS with the Group, Mr Ann was the CEO and founder of Acian Technologies Sdn Bhd, a company he founded to focus on OSS outsourcing and mobile blogging services. In the past, Mr Ann has worked with various corporations including Alcatel (System Engineer), Hewlett-Packard (Technical Consultant, Sales and SEA Professional Services Manager), and Agilent Technologies (Asia Pacific OSS Professional Services Manager and Malaysia Country GM) during 1993-2004.

Mr Ann Wan Kuan graduated with a first class Bachelors Degree in Electronic Engineering from University of Manchester Institute of Science and Technology.

Mr Lee Yang Dong

Chief Executive Officer of Ahead Mobile Sdn Bhd

Mr Lee Yang Dong is the CEO and a substantial shareholder of Ahead Mobile Sdn Bhd, the company that was jointly established with Unified Communications Sdn Bhd.

Mr Lee has over 20 years of experience in the information technology and telecommunications business. He has held various positions in large corporations including Programmer in Merrin Financial Inc. (USA), General Manager of Global Network Division of Samsung Group (Korea) and Chief Executive Officer, LG Internet Inc., of LG Group (Korea). He has also served as professor in the Chosun University of Korea.

Mr Lee graduated with a Bachelor of Engineering in Seoul National University, and subsequently obtained a Masters Degree in Computer Science from Yale University.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of Unified Communications Holdings Limited for the financial year ended 31 December 2008.

Performance Review

The financial year ended 31 December 2008 heralds a key turning point for the Group - a year marked by our return to net profitability. Testament to the significant improvements in performance delivered courtesy of the successful execution by our Management team of the Group's development strategies, profit after tax of S\$2.7 million was achieved for the year.

Profit attributable to shareholders for the year was S\$2.5 million, as compared to the loss of S\$3.5 million for 2007, representing an improvement in profit performance of some S\$6.0 million.

Although 2007 was admittedly a year of mixed results for the Group, early signs of the Group's return to positive financial health were already apparent by the end of that year. In spite of a net loss recorded for the year, 2007 saw the Group's underlying business return to profitability at the operations level (EBITDA before exceptional items). 2008 in contrast, was resoundingly different in that little ambiguity would be found in this year's results.

Improvements were delivered across the majority of our financial metrics in 2008, save for consolidated Group revenue. Group revenue declined to S\$19.6m (2007: S\$24.8m) as a result of the 'build phase' of our Mobile Number Portability (MNP) Clearinghouse project in Malaysia drawing to a close in 2008—a project that featured significantly in our 2007 revenue results - and a decrease in revenue from Distribution business segment due to its cessation in 2008. In spite of the lower Group revenue in 2008, a marginally higher gross profit result of S\$9.2m was secured for the year (2007: S\$9.0m). This favourable result was driven by Group revenue in 2008 having a greater composition of higher-margin, non-MNP related project and contract revenue. As such, gross profit margin yielded from Group revenue for the year improved to 47%, as compared to 36% for the previous year. As for operating expenses of the Group, a commendable further reduction of 8% was achieved in 2008 in relation to operating expenditure before exceptional items.

Both the improvement in gross profit margin, and the reduction in operating expenditure of the Group in 2008, resulted in EBITDA (earnings before interest, tax, depreciation and amortisation) of S\$4.7 million being achieved as compared to negative EBITDA of S\$0.7 million in 2007. In addition, the Group also produced a considerable improvement of 40% in EBITDA before exceptional items during the year—a rise from the S\$4.1 million reported in 2007 to S\$5.8 million in 2008.

However, the most significant of all the positive developments and performance improvements achieved in 2008 was strengthening of the balance sheet and financial position of the Group. As at 31 December 2008, the already negligible gearing level of the Group was further reduced, while cash and cash equivalents on the Group's balance sheet stood at S\$10.1million, representing a sizeable improvement of S\$7.9 million from the corresponding position as at 31 December 2007.

As highlighted in the preamble section of this year's Annual Report prepared by our Management team, the Group closed the year on a very sound footing. Apart from the key achievement of significantly increasing the cash balances of the Group to bolster our capability to withstand potentially harsh global macroeconomic and monetary conditions, Management of the Group made significant gains in strengthening the underlying businesses of the Group.

These gains include completing the exit of the Group from the Distribution business segment, through the scaling-down and eventual cessation of operations of the Attrix Group by the second half of 2008. This now-discontinued and unprofitable business segment of the Group had placed a not-insignificant drag on the Group profit results for 2008. With its cessation of operations, the performance of the continuing business segments of the Group will no longer be masked by underperformance of this former segment.

On the Group's product and presence in regions of focus – South East Asia, South Asia and Middle East/North Africa – 2008 built on the progress of 2007, with momentum being further gained by the Group in securing new projects and contracts, for both existing and new clients. The Group's activities in new product development were maintained in spite of opex reductions, and culminating remarkably in 10 new products being developed and brought to market over 2007 and 2008.

The final element of the Group's 'recharging' that took place in 2008 – in the words of our Management team- was the reorganisation of our Group's burgeoning product portfolio and clients into three streamlined, market-segment focused business units. This move was made to foster a more closely-knit and intensely market-focused approach to both the product and people that underpin our various business areas. With the heightened focus and alignment of our product and people under each business unit, and advances made to-date in improving the Group's profitability as well as market penetration in our regions of focus, the Group stands in good stead to continue to deliver profitable growth from the execution of existing development strategies.

Dividends

The Directors do not recommend payment of any dividend for the financial year ended 31 December 2008.

In Gratitude

To the regulatory authorities, we wish to express our appreciation for their continued guidance. To our customers, shareholders and business partners, we thank you for your invaluable support, and continued belief and trust in our people, technologies and capabilities. Last, but definitely not least, to the team of talented and spirited individuals who are truly the driving force behind our Group's progress and achievements, I extend my gratitude for your undivided commitment, passion and fortitude in spurring our Group to achieve excellence and international success.

Lee Su Nie
Chairman
30 March 2009

2008 REVIEW OF GROUP OPS

(The 8Ps of 2008)

PERFORMANCE & POSITION (FINANCIAL)

The Group recorded consolidated revenue of S\$19.6m for the year, representing a decrease of 21% compared to revenue recorded in 2007. The lower revenue recorded in year 2008 is mainly attributable to the following factors:

- (a) Substantial decrease in revenue from Distribution business segment as a result of the progressive scaling down and subsequently, the cessation of this segment's operations which was completed in Q3 of the year; and
- (b) A reduction in revenue from Proprietary Solutions ("PS") business segment attributable to lower Mobile Number Portability project-related revenue, given that the project's 'Build Phase' drew to a close in the current year.

However, the lower revenue from Distribution and PS segments was partly offset by the significant improvement in revenue from OSS segment, mainly driven by the delivery of further new projects and opportunities secured during the year.

Despite the decrease in revenue, the Group delivered a significant improvement in profitability for the year. For the current year, the Group recorded net profit after tax of S\$2.7 million, and earnings before interest, tax, depreciation and amortisation ("EBITDA") of S\$4.7 million, as compared to a net loss of S\$3.5 million and negative EBITDA of S\$0.7 million respectively in 2007.

This improvement in the profit performance of the Group in the year ended 31 December 2008 is attributable primarily to the following factors:

- (a) The growth in gross profits of the PS and OSS business segments driven by a more favourable revenue mix comprising higher software licensing-related revenue. This more profitable revenue mix resulted in gross profit earned by the Group in the current year being S\$9.2 million, representing an increase of 3% (or S\$0.2 million) on that achieved in 2007 in spite of lower revenue being achieved in the current year; and
- (b) The significant reduction in operating expenses of the Group in the year, amounting to a decrease of 32% (or S\$4.4 million) from the operating expenses incurred in 2007. This sizeable reduction in operating expenses of the Group was secured through the further expense reductions achieved in the operations of the PS segment, as well as substantial reductions in the operating expenses of the Distribution segment, associated with the Group's exit from the Distribution business within the current year.

Current assets of the Group decreased by S\$1.3million (or 4.5%), to S\$27.2 million as at 31 December 2008, from

S\$28.5 million as at 31 December 2007. This decrease is mainly attributable to the decrease in trade and other receivables amounting to S\$9.3 million as a result of receipt of payments from trade debtors. Most notably, cash and cash equivalents held by the Group improved significantly to S\$10.1 million as at 31 December 2008, from S\$2.2 million as at 31 December 2007.

Total non-current assets of the Group decreased by S\$2.2 million or 27.5%, compared to the balance as at 31 December 2007 of S\$8.0 million. This decrease is mainly attributable to the lower balance for Plant and Equipment as a result of depreciation charges and Plant and Equipment write-offs.

Total liabilities of the Group decreased by S\$5.3 million (or 36.9%), as at 31 December 2008, from S\$14.4 million as at 31 December 2007. The decrease is mainly due to the reduction in trade and other payables by S\$5.2 million.

The Group's cash from operations for the current year increased by S\$7.6 million, compared to the cash from operations of S\$1 million for the corresponding year ended 2007. This significant increase in cash from operations is mainly contributed by the decrease in trade and other receivables.

Operating cash flow before working capital changes for the current year improved to S\$4.2 million as compared to the operating cash flow of S\$2.3 million for the corresponding year ended 2007. This significant increase in operating cash flow is mainly due to the return to profitability of the Group in the current year as compared to the loss before tax and after share of results of associated company of S\$3.2 million in the corresponding year ended 2007.

PROJECTS & PRODUCTS

In 2008 we saw the 'Build Phase' of the Mobile Number Portability (MNP) Clearinghouse project in Malaysia draw to a close, culminating in the successful transition of the project in the third quarter of the year, from the Group's technical implementation team to our managed services business team. This handover coincided with the public launch of MNP in Malaysia and a smooth commencement to the 5-year 'Operation and Maintenance' phase of the project.

While this major project's technical implementation phase was being brought to closure at the PS segment of the Group, our various business development, sales, product development and project delivery teams steadfastly pressed on with securing and implementing new deployment projects.

These new deployment projects and successes outside of the MNP project in Malaysia in 2008 comprised system expansion orders from existing clients, new orders from existing clients for both long-standing and newly-developed products, and breakthrough engagements with newly-acquired clients in key countries within the Group's regions of focus:

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(The 8Ps of 2008)

Middle East/ North Africa (MENA) Region

Our deployment project activities for the PS segment in the MENA region further gained pace in 2008, with all projects in this region involving primarily content-driven mobile VAS systems and solutions. Several mobile VAS projects secured in late 2007 in both UAE and Saudi Arabia were completed or progressed at a more rapid clip in the second half of 2008, while technical implementation was commenced for capacity expansion or enhancement orders secured relating to a suite of mobile VAS systems installed and commissioned at existing clients in Saudi Arabia and Bahrain. We had further extended our footprint in this region in 2008 through the securing of a large-scale VAS system deployment project from a new mobile operator client in Iraq.

South Asia Region

Our PS segment activities during the year in this region where system or solution deployment on a managed service or revenue share model predominate, was a relatively balanced mix of service management, maintenance, enhancement and expansion implementation as well as new system deployment project activities. Of note were four significant new system deployment projects secured and for which implementation was commenced, for mobile operator clients in Pakistan and India.

2008 also saw this region in particular, support the further advance of the Group's position in the nascent high-growth market for mobile advertising systems, solutions and managed services. This was attained through our success during the latter part of the year in securing on a revenue share model, an end-to-end solution implementation (comprising multiple systems) and commercial service management project to enable and monetize mobile advertising services that tap into the enormous country-wide subscriber base of the client in this region.

South East Asia and Greater China Regions

PS segment activities in these two remaining regions of the Group meanwhile summarily involved: service management activities for existing mobile VAS systems deployed across South East Asia and Greater China on a revenue-share or managed services model; enhancement and capacity expansion project implementation for various systems already deployed and in production at existing clients in Malaysia, Singapore, Brunei, Indonesia, Hong Kong and Taiwan; and the completion of technical implementation for one mobile VAS system deployment project in Vietnam on a system-sale model coupled with mobile VAS and mobile advertising-related system deployment projects on a revenue-share model in Laos and Malaysia respectively.

New system deployment project activities on a system-sale model in this region were meanwhile concentrated in Indonesia, where the Group secured and commenced the implementation of three systems/solutions associated with mobile messaging and signalling.

It was also primarily within the South East Asia region that the OSS segment continued to focus its activities in 2008. The year for this segment involved several sizable solution deployment projects in this region, as well as ongoing service delivery and support activities relating to various roaming quality of service and helpdesk/network operation centre managed services contracts spanning 7 countries.

PEOPLE & PROCESSES

A considerable amount of effort was invested by the Group in 2008 to selectively increase the bench strength of our management and technology operations teams, to meet the talent requirements to sustain the Group's profitable growth path.

Further additions were made in 2008 to the leadership and operations teams of the Group at both the Group Head Office (OHQ BU) and VAS BU and TECH BU levels (formerly combined under the PS segment) across the functional areas of business development, sales, service management, programme/project management, technology, strategic planning, finance and human resources. The top nine key executives within the several functional areas that hold significant long-term strategic importance to the Group have been listed in the earlier part of this Annual Report.

In addition to strengthening our management, operational and technical talent pool to drive our businesses forward and upward, significant attention was also placed during the year on addressing the question of how to organise our critical assets – technology and talent- to best effect. This culminated in the formal reorganisation of primarily the Group's PS segment operations into two distinct new business units – VAS BU and TECH BU, each designed to be self-contained, nimble and entrepreneurial, aided by the establishment for each business unit of a team that is acutely focused on addressing their respective market segment within the mobile telecommunications industry.

As part of the same reorganisation initiative, the Group Head Office function formerly residing within the PS segment has been revitalised and re-established under an OHQ BU that will provide proactive and strategic business support services to the VAS, TECH and OSS BUs to drive the future growth of their respective businesses. These services of the OHQ BU address the functional areas of regional business development, technology planning and development, software engineering, ITS & MIS, programme management, marketing, corporate finance and strategic planning, finance, legal, procurement and human resources.

As an adjunct to the reorganisation of PS segment operations into distinct business units, adjustments to the Group's existing processes and practices were identified as being necessary. To this end, several business process review and reengineering initiatives have been commenced at the tail-end of the year in anticipation of the formal reorganisation, for follow through to completion during 2009. The investment in improvement and effective redesign of the Group's business processes are strongly believed to be critical to secure efficacy in execution of the Group and

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each individual business units' development strategies in a risk-managed manner.

PROSPECTS & PLANS

The business prospects of the Group are believed to be best described through the several underlying trends that have been observed in the mobile telecommunications markets within our regions of focus during 2008. Our plan(s) to capitalise on these trends (prospects) are in turn, articulated as strategies or tactics that have been conceived and adopted at the Group. Trends that we have earlier identified and implemented strategies for in 2007 remain true and for this year's review, only additional or more specific trends and strategies will be discussed. Such emerging trends as observed in this year and strategies/tactics adopted for 2009 onwards are:

Trend #1 – Within our regions of focus, multinational franchise mobile network operators (ie those characterised by common branding and/or common ownership of several mobile network properties across multiple countries) are becoming increasingly more prominent and acquisitive in pursuing regional market share. Such franchise operators typically have central procurement functions that influence each property.

Strategy - focus on first penetrating and then securing frame agreements with franchise operators within regions of focus.

Trend #2 – Within our regions of focus, increasingly more mobile network operators are favouring the 'opex model' (ie a revenue share or managed services revenue/cost model) to procuring and delivering new mobile VAS, as opposed to the traditional 'capex model' of outright purchasing of the system(s) required to deliver such new mobile VAS to their subscribers.

Strategy – further strengthening of capabilities and competencies to profitably deliver systems and solutions on a revenue share / managed services model: financial, service marketing consultancy, service management and support capabilities.

Trend #3 – Within our regions of focus, increasingly more mobile network operators are breaking down their organisation into smaller teams and more specialised teams, leading to a diffusion of decision making influence and authority.

Strategy – establish distinct, market-segment and product focused sales and product specialist teams within each business unit that can more effectively communicate and interact with specialised operator product / business teams to secure opportunities.

Trend #4 – Within our regions of focus, increasingly more mobile network operators are looking to generate additional revenue or substitute a subscriber-pays only service revenue model with revenue generated from mobile advertising and marketing related services. Given the ubiquity of the mobile device in most developing economies, relative to other conventional and digital communications channels or media, within our regions of focus, the mobile channel is truly appealing mass media to advertisers.

Strategy – further strengthening of capabilities and competencies to develop, deliver, operate and manage mobile advertising systems and solutions to proactively support mobile operators in the enablement and monetization of mobile advertising services.

Trend #5 – Within our regions of focus, increasingly more mobile network operators are investing in mobile broadband networks, to create larger 'data pipes' for mobile data. A good proportion of countries within our regions of focus are developing economies where PC and internet penetration rates are very low. In these countries, the popularisation of the internet is essentially equal to the rise of mobile internet, given that the first access device to the internet for the individual is more likely to be the mobile device rather than the PC.

Strategy – incorporate into the Group's next-generation product roadmap, the development of complementary and innovative systems, solutions, applications and/or services relevant to characteristics of the regions of focus, that assumes the primary internet access device of an individual is the mobile device.

Trend #6 – Globally and within our regions of focus, increasingly more mobile network operators and mobile device manufacturers are offering smartphone devices at mass-market prices. This is somewhat correlated with the increasing availability of mobile broadband via 3G or equivalent, if not more advanced mobile data network technologies, and leads to the increased demand for mobile client applications, facilitated by relative ease of delivery to the subscriber and capabilities of smartphones.

Strategy – incorporate into the Group's next-generation product roadmap, the development of complementary and patently useful interactive solutions, applications and/or services relevant to characteristics of the regions of focus, that are best installed and used via a client application residing on leading smartphone devices.

Wong Tze Leng
Group CEO & ED
30 March 2009

Anton Syazi Ahmad Sebi
Group Deputy CEO & ED

CORPORATE GOVERNANCE REPORT

The Board of Directors (Board) and management of Unified Communications Holdings Limited (“the Company”) remain committed to observing and maintaining a high standard of corporate governance to protect the interests of shareholders and other stakeholders and to promote investors’ confidence. This report describes the Company’s corporate governance practices with reference to the principles and guidelines set out in the Code of Corporate Governance 2005 (the “Code”) and the extent of compliance thereto. In areas where the Company deviates from the Code, the rationale is provided.

Principle 1: The Board’s Conduct of its Affairs

The direction and control of the Group rests firmly with the Board as it effectively assumes the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investments and operations of the Group.

In addition to its statutory duties, the Board’s principal functions are as follows:

1. Approving the Group’s strategic plans, key operational initiatives, major investments and divestments and funding requirements;
2. Approving the annual budget, reviewing the performance of the business and approving the release of the quarterly and year end results announcement of the Group to shareholders;
3. Providing guidance in the overall management of the business and affairs of the Group;
4. Overseeing the processes for risk management, financial reporting and compliance; and
5. Approving the recommended framework of remuneration for the Board and key executives by the Remuneration Committee.

The Board delegated certain specific responsibilities to three (3) committees namely, Audit, Nominating and Remuneration Committees. The Board accepts that while

these Committees have the authority to examine any particular issue and report back to the Board with their recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board meets at least four (4) times a year, with additional meetings convened as warranted by particular circumstances as deemed appropriate by the Board.

The attendance of the Directors at Board and Board Committees, as well as the frequency of such meetings during the financial year are set out in Table A.

Matters which are specifically reserved to the Board for decision include those involving business plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, corporate strategy, share issuances, dividends, and any major decisions that may have an impact on the Group. The Board reviews management’s performance, directs the Company’s values and standards, and objectively takes decisions in the best interest of the Company and Group.

All newly appointed Directors will be given briefings by management on the history, business operations and corporate governance practices of the Group. The Directors will also be briefed on new updates in the requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Companies Act or other regulations/ statutory requirements from time to time for them to keep pace with changes in the regulatory requirements and commercial risks.

Principle 2: Board Composition and Balance

The Board currently comprises five (5) Directors, all of whom, except for the Chief Executive Officer (“CEO”) and Deputy Chief Executive Officer (“Deputy CEO”), are non-executive and two (2) of whom are independent. The Board is supported by various committees, namely, the Audit Committee, the Nominating Committee and the Remuneration Committee whose functions are described below. The Board is able to exercise objective judgment independently from management and no individual or small group of individuals dominate the decisions of the Board.

Table A: Directors Attendance at Board and Board Committee Meetings

Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. Of Meetings Held	No. Of Meetings Attended	No. Of Meetings Held	No. Of Meetings Attended	No. Of Meetings Held	No. Of Meetings Attended	No. Of Meetings Held	No. Of Meetings Attended
Lee Su Nie	4	4	5	5	1	1	1	1
Chuah Seong Phaik	4	4	5	5	1	1	1	1
Phuah Peng Hock	4	4	5	5	1	1	1	1
Wong Tze Leng	4	4	n.a	n.a	n.a	n.a	n.a	n.a
Anton Syazi Ahmad Sebi	4	4	n.a	n.a	n.a	n.a	n.a	n.a

(n.a.-not applicable)

CORPORATE GOVERNANCE REPORT

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The Board is made up of Directors who are qualified and experienced in various fields including engineering, business administration, accountancy and finance. The profile of each of the Directors is provided in page 6 of this Annual Report.

The non-executive directors are involved in reviewing the corporate strategies, business operations and practices of the Group, and are also involved in reviewing and monitoring the performance of management in achieving agreed goals and objectives.

Principle 3: Chairman and Chief Executive Officer

Ms Lee Su Nie is the Non-Executive Chairman of the Board and Mr Wong Tze Leng is the CEO of the Company. Mr Anton Syazi Ahmad Sebi is the Deputy CEO of the Company.

The Board having considered the number of Non-Executive and Independent Directors on the Board, as well as the size and scope of the affairs and operations of the Group, is of the view that its current structures has a strong independent element which enables the independent exercise of objective judgment on corporate affairs of the Group. This is reinforced by the establishment of the various Committees of which both Mr Wong Tze Leng and Mr Anton Syazi Ahmad Sebi are not members.

As the Chairman of the Board, Ms Lee is responsible for, among others,

- (a) scheduling meetings of the Board and setting the Board meeting agenda in consultation with the Company's senior management;
- (b) exercising control over quality, quantity and timeliness of the flow of information between management and the Board; and
- (c) ensuring compliance with the Company's guidelines on corporate governance.

Prior to Board Meetings, all Directors are provided with board papers so that the Directors have complete and timely information to enable them to be adequately prepared for the meetings.

The roles of the Chairman and CEO are separate and their responsibilities are clearly formalized. The CEO manages the business of the Group and implements the Board's decisions.

Principle 4: Board Membership

Principle 5: Board Performance

Nominating Committee

To facilitate a formal and transparent process for the appointment of new Directors, the Board has formed the Nominating Committee ("NC") which comprises: -

Mr Chuah Seong Phaik	(Chairman)
Mr Phuah Peng Hock	(Member)
Ms Lee Su Nie	(Member)

All three Committee members are Non-Executive Directors of the Company. Except for Ms Lee Su Nie, all other members of the NC are Independent Directors.

The principal functions of the NC are:

1. To make recommendations to the Board on all board appointments having regard to the Director's contribution and performance;
2. To determine annually whether a Director is independent;
3. To decide whether or not each Director is able to and has adequately carried out his duties as a director of the Company in particular where the Director concerned has multiple board representations;
4. To decide on how the Board's performance may be evaluated and propose objective performance criteria to the Board; and
5. To assess the effectiveness of the Board as a whole and assess the contributions by each individual Director to the effectiveness of the Board and to disclose the assessment annually.

The role of the NC is to oversee the appointment and induction process for Directors. Candidates are selected for their character, judgment and business acumen. New Directors will be appointed based on NC's recommendations. Where a Director has multiple board representations, the NC will evaluate whether or not a Director is able to and has been adequately carrying out his or her duties as Director of the Group.

The independence of each Director is reviewed annually by the NC based on the Code's definition of what constitutes an Independent Director. Based on this review, the NC confirms the independence of the Directors concerned.

Pursuant to the Articles of Association of the Company:

- (a) one third of the Directors shall retire from office at every AGM; and
- (b) Directors appointed during the course of the financial year must submit themselves for re-election at the next AGM of the Company.

The NC has adopted guidelines for annual assessment of the effectiveness of the Board as a whole and of the contribution of each individual Director to the effectiveness of the Board and has performed the necessary assessment for the financial year.

CORPORATE GOVERNANCE REPORT

Principle 6: Access to Information

The Board is provided with complete and timely information prior to Board meetings on an on-going basis. The Company circulates copies of Minutes of Meeting of all Board Committees to the respective members of the Board to keep them inform of on-going development at the Group.

The Directors have separate and independent access to the Company's senior management and the Company Secretary at all times. The CEO and the Deputy CEO also keep the Non-Executive Directors informed, in between Board meetings, on the status of on-going initiatives by the Group. Should the Directors, whether as a group or individually, require independent professional advice; such professionals (who will be selected with the approval of the Non-Executive Chairman or the Chairman of the Committee requiring such advice) will be appointed at the Company's expense.

Where a decision has to be made before the Company's Board meeting is convened, a Directors' Resolution is circulated in accordance with the Articles of Association of the Company and the Directors are provided with the necessary information that will allow them to make informed decisions. The CEO and Deputy CEO will also ensure that management promptly answers any queries raised by the Directors.

The Company Secretary attends the Company's Meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary assists senior management in ensuring that the Company complies with rules and regulations which are applicable to the Company.

Principle 7: Remuneration Committee

Principle 8: Level and Mix of Remuneration

The Remuneration Committee ("RC") comprises all Non-Executive Directors with the majority including the chairman being independent:

Mr Phuah Peng Hock	(Chairman)
Mr Chuah Seong Phaik	(Member)
Ms Lee Su Nie	(Member)

The RC's role includes reviewing and recommending to the Board an appropriate and competitive framework of the remuneration for the Board and key executives of the Group to ensure that it commensurates with their responsibilities and performance. No Director will be involved in deciding his/her own remuneration.

The Executive Director, who is also our CEO, Mr Wong Tze Leng, has renewed his service agreement for a further period of three (3) years with the Company on 19 December 2006 ("Service Agreement"). The Service Agreement covers the terms of employment, specifically salary and other benefits.

In setting remuneration packages, the RC took into account the performance of the Group as well as the Directors and key executives by aligning their interests with those of the shareholders and linking rewards to corporate and individual performance as well as industry benchmarks.

The review of remuneration packages takes into consideration the longer term interests of the Group. The RC's recommendation is made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. The payment of Directors' fees is subject to the approval by shareholders.

Principle 9: Disclosure on Remuneration

Remuneration of Directors

The annual remuneration of the Directors for the financial year is disclosed within Table B.

Name of Directors	Remuneration Bands	
	Up to S\$250,000	S\$250,001 to S\$500,000
Lee Su Nie	X ⁽¹⁾	
Chuah Seong Phaik	X ⁽¹⁾	
Phuah Peng Hock	X ⁽¹⁾	
Wong Tze Leng	X ⁽²⁾	
Anton Syazi Ahmad Sebi	X ⁽³⁾	

Note:

(1) The remuneration in the form of Directors' fees is subject to the approval by the shareholders at the forthcoming AGM.

(2) Pursuant to prevailing Service Agreement that expires on 18 December 2009, Mr Wong Tze Leng's remuneration consists of fixed salary, performance bonus and benefits in kind.

(3) Mr Anton Syazi Ahmad Sebi's remuneration consists of monthly allowance and performance bonus.

Save as disclosed above, there are no other existing service agreement entered into between the Company and any of the Company's Directors.

Remuneration of Key Executives

Details of remuneration paid to the top nine (9) key executives (who are not Directors of the Company) of the Group for the financial year is set out below. For competitive reasons, the Company is only disclosing the bands of remuneration of each executive for the financial year under review in Table C.

Name	Remuneration Bands	
	Up to S\$250,000	S\$250,001 to S\$500,000
Ching Ming Wai		X
Ho Ting Sai	X	
Chin Wei Li	X	
Ng Sai Kit	X	
Phang Deng Sheng	X	
Yong Choon Vooi	X	
Siu Wai Yuen	X	
Tan Chai Aik	X	
Ann Wan Kuan	X	

CORPORATE GOVERNANCE REPORT

During the financial year, there is no employee or executive officer who is related to a Director, and whose remuneration exceeds S\$150,000 per annum.

Principle 10: Accountability of the Board and Management

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects. Management will provide the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis.

Principle 11: Audit Committee

Principle 12: Internal Controls

The Audit Committee ("AC") comprises:

Mr Chuah Seong Phaik	(Chairman)
Mr Phuah Peng Hock	(Member)
Ms Lee Su Nie	(Member)

Except for Ms Lee Su Nie, who is not an Independent Director, the AC members are all Independent Non-Executive Directors. The members have had many years of experience in accounting, audit and business and financial management. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

Specifically, the AC shall meet on a periodic basis to perform the following functions, among others:

- (a) To review with the external and internal auditors their respective audit plans, their evaluation of the system of internal controls, their audit report, their management letter and our management response;
- (b) To review the Group's quarterly management reports and announcements before they are submitted to the Board for approval;
- (c) To review internal control procedures and ensure coordination between the external auditors and management, review the assistance given by the management to the internal and external auditors, and discuss problems and concerns, if any, arising from the audits, and any matters which the auditors may wish to discuss (in the absence of Management where appropriate);
- (d) To review compliance with the Listing Manual and the Best Practices Guide of SGX-ST and the Code, effectiveness of financial and accounting control systems and management of exposure to financial and business risks;

- (e) To review and discuss with the external auditors any suspected fraud and irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and our management's response;
- (f) To consider the appointment and re-appointment of the external auditors and to review the level of audit fees;
- (g) To review the adequacy of the internal audit function;
- (h) To review and where appropriate, approve interested person transactions; and
- (i) To undertake such other reviews and projects as may be requested by the Board and to report to the Board its findings from time to time on matters arising therefrom and requiring the attention of the AC.

Minutes of the AC meetings are regularly submitted to the Board for its information and review. The AC meets with the external and internal auditors, without the presence of Management, at least once a year.

The AC is also authorised to investigate any matter within its terms of reference. It has full access to and the cooperation of management and the full discretion to invite any Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC has undertaken a review of all non-audit services provided by the external auditors and in the AC's opinion, the provision of these services does not affect the independence and objectivity of the external auditors and is pleased to recommend their re-appointment.

The Group's whistle-blowing policy has already been tabled for adoption by the Board. The policy provides avenue for staff of the Group to raise concerns on any possible improprieties in relation to financial reporting and other matters. With further fine tuning, workshops will be conducted during the financial year ending 31 December 2009 to improve awareness within the Group.

Principle 12: Internal Controls

Principle 13: Internal Audit

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Group's assets. The Group seeks to continuously improve its internal controls. In the absence of any evidence to the contrary, the Board believes that the current system of internal controls maintained and in place throughout the year and up to the date of this report, is adequate to meet the needs of the Company in its current business environment.

CORPORATE GOVERNANCE REPORT

The system of internal controls provides reasonable and adequate assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The AC, has with the assistance of the internal auditors, reviewed the effectiveness of the Group's material internal controls as set out in their report on significant controls to the AC. The management, with the assistance of the Internal Audit Department ("IAD"), follows up on the external auditors' recommendations as part of its role in the review of the Company's internal control system.

The function of internal audit is undertaken by Group IAD of the ultimate holding company, Advance Synergy Berhad, a main board listed company of Bursa Malaysia Securities Berhad. The IAD reports directly to the Chairman of the AC on audit matters and to the Executive Director of Advance Synergy Berhad on administrative matters. The AC reviews IAD's reports and its activities and also reviews and approves the annual internal audit plans and resources to ensure that IAD has the capabilities to adequately perform its functions.

During the year, IAD has carried out operational and internal control reviews based on prioritized risk areas identified and appropriate steps have been taken to address the findings and recommendations.

Principle 14: Communications with the Shareholders

Principle 15: Greater Shareholder Participation

(a) Communications with Shareholders

The Company does not practice selective disclosure. In line with the continuous obligations of the Company pursuant to the SGX-ST's Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to the shareholders on a timely basis through:

- (i) SGXNET announcements and news releases;
- (ii) Annual Reports prepared and issued to all shareholders; and
- (iii) Group website at www.uchlgroup.com where shareholders can access information on the Group.

(b) Greater Shareholder Participation

At general meetings, shareholders of the Company are given the opportunity to air their views and ask Directors or Management questions regarding the Company.

The Articles allow a member of the Company to appoint not more than two (2) proxies to attend and vote at general meetings. For the time being, the

Board is of the view that this is adequate to enable shareholders to participate in general meetings of the Company and is not proposing to amend their Articles to allow votes in absentia.

Separate resolutions on each distinct issue are tabled at general meetings.

The Company's external auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

ADDITIONAL INFORMATION

DEALING IN SECURITIES

(SGX-ST Listing Manual Rule 1207(18))

The Company has adopted SGX-ST's Best Practices Guide in relation to dealings in the Company's securities by its officers. The Company has informed its officers not to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters of its financial year, or one (1) month before announcement of the Company's full year results, and ending on the date of announcement of the relevant results.

The Directors and executives are also expected to observe insider trading laws at all time, even when dealing in securities within permitted trading period.

RISK MANAGEMENT

(SGX-ST Listing Manual Rule 1207(4)(b)(iv))

The practice of risk management is undertaken by the CEO, Deputy CEO, key executives and senior officers of each business division under the review of the Board. The Group regularly reviews and improves its business and operational activities to take into account the risk management perspective. The Company seeks to identify areas of significant business risks as well as to formulate appropriate measures to control and mitigate these risks.

The Group's financial risk management is discussed under Note 28 to the Financial Statements, on page 57-61 of this Annual Report.

The effectiveness of the Group's risk management practices and the risk exposure of the Group will continue to be reviewed by the Board in light of changes in the operational environment of the Group.

INTERESTED PERSON TRANSACTIONS ("IPTs") POLICY

(SGX-ST Listing Manual Rule 907)

The Company has adopted an internal policy in respect of any transaction with interested persons and has procedures established for the review and approval of the Company's interested person transactions. Particulars of the interested

CORPORATE GOVERNANCE REPORT

person transactions for the financial year ended 31 December 2008, disclosed in accordance with Rule 907 of SGX-ST's Listing Manual were set out in Table D.

MATERIAL CONTRACTS (SGX-ST Listing Manual Rule 1207(8))

Save for the IPTs, no material contract involving the Directors or controlling shareholders of the Company has been entered into by the Company or any of its subsidiaries since the end of previous financial year and no such contract subsisted at the end of the financial year.

Table D: Particulars of the Interested Person Transactions				
Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
AESBI Power Systems Sdn Bhd*	193	171	-	-
Orient Escape Travel Sdn Bhd#	117	13	-	-

Note: The Company does not require any shareholders' mandate pursuant to Rule 920 of the Listing Manual of SGX-ST.

** A wholly-owned subsidiary of Advance Synergy Capital Berhad (a subsidiary of Advance Synergy Berhad)*

A wholly-owned subsidiary of Advance Synergy Berhad

REPORT OF THE DIRECTORS

The Directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2008 and the balance sheet of the Company as at 31 December 2008 and the statement of changes in equity of the Company for the financial year ended 31 December 2008.

1. Directors

The Directors of the Company in office at the date of this report are as follows:-

Lee Su Nie
 Chuah Seong Phaik
 Phuah Peng Hock
 Wong Tze Leng
 Anton Syazi Ahmad Sebi

2. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under section 164 of the Singapore Companies Act, Cap. 50 (the "Act") except as follows:

<u>Name of Directors and companies in which interests are held</u>	Shareholdings registered in the name of Directors		Shareholdings in which Director is deemed to have an interest	
	At 1.1.2008	At 31.12.2008	At 1.1.2008	At 31.12.2008
<u>The Company</u> Unified Communications Holdings Limited (Ordinary shares) Wong Tze Leng	19,034,329	19,034,329	-	-
<u>Ultimate holding corporation</u> Advance Synergy Berhad (Ordinary shares of RM0.30 each)* Anton Syazi Ahmad Sebi	-	-	6,000,000	6,000,000
Lee Su Nie	-	-	365,000	365,000
(Warrants 2000/2010 to subscribe for ordinary shares of RM0.30 each)* Anton Syazi Ahmad Sebi	-	-	7,738,000	7,738,000
(10-Year Irredeemable Convertible Unsecured Loan Stocks of RM0.15 each) Anton Syazi Ahmad Sebi	-	-	-	48,934,000

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 January 2009.

* On 28 January 2008, the par value reduction of Advance Synergy Berhad ordinary shares from RM1.00 each to RM0.30 each became effective.

The duration and exercise period for the warrants have been extended for a further period of 2 years from 28 August 2008 up to and including 28 August 2010 pursuant to the announcement released by Advance Synergy Berhad on 31 December 2007.

4. Directors' contractual benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit which is disclosed under section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations as disclosed in Note 30 of the accompanying financial statements.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

6. Audit committee

The Audit Committee comprises the following members:

Chuah Seong Phaik (Chairman)
Phuah Peng Hock
Lee Su Nie

The Audit Committee carried out the following functions in accordance with Section 201B(5) of the Companies Act:

- (a) reviewed the scope and the results of the internal audit procedures with the internal auditors;
- (b) reviewed the audit plan of the Company's external auditors and their audit report on the weaknesses of internal accounting controls arising from their statutory audit;
- (c) reviewed the Group's financial and operating results and accounting policies;
- (d) reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the year ended 31 December 2008 before their submission to the Board of Directors, as well as the auditors' report on the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group;
- (e) reviewed the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (f) reviewed the assistance given by the Company's management to the external auditors; and
- (g) the re-appointment of the external auditor of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The Audit Committee has recommended to the Board of Directors that BDO Raffles be nominated for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

7. Independent Auditors

BDO Raffles have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Wong Tze Leng
Director

Anton Syazi Ahmad Sebi
Director

Singapore
30 March 2009

STATEMENT BY DIRECTORS

In the opinion of the Directors,

- (a) the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Wong Tze Leng
Director

Anton Syazi Ahmad Sebi
Director

Singapore
30 March 2009

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UNIFIED COMMUNICATIONS HOLDINGS LIMITED

We have audited the accompanying financial statements of Unified Communications Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and of the Company as at 31 December 2008, the income statement, statements of changes in equity and cash flow statement of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 23 to 70.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO Raffles

Public Accountants and
Certified Public Accountants

Singapore
30 March 2009

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Group	
	Note	2008	2007
		\$'000	\$'000
Revenue	4	19,633	24,841
Cost of sales		<u>(10,407)</u>	<u>(15,860)</u>
Gross profit		9,226	8,981
Other operating income	4	1,218	191
Expenses:			
Technical support expenses		(3,934)	(3,967)
Distribution costs		(1,234)	(2,236)
Administrative expenses		(2,136)	(1,712)
Other operating expenses	5	(1,962)	(5,764)
Finance costs	6	(43)	(38)
Share of results of an associate		1,598	1,318
Profit/(Loss) before income tax	7	<u>2,733</u>	<u>(3,227)</u>
Income tax expense	9	(11)	(281)
Profit/(Loss) for the year		<u><u>2,722</u></u>	<u><u>(3,508)</u></u>
Attributable to:			
Equity holders of the Company		2,488	(3,535)
Minority interest		<u>234</u>	<u>27</u>
		<u><u>2,722</u></u>	<u><u>(3,508)</u></u>
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company (cents)			
Basic and Diluted	10	<u><u>0.78</u></u>	<u><u>(1.11)</u></u>

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	Note	Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	10,092	2,179	19	8
Trade and other receivables	12	15,712	24,959	4,440	9,654
Finance lease receivables	13	-	145	-	-
Inventories	14	1,407	1,217	-	-
		<u>27,211</u>	<u>28,500</u>	<u>4,459</u>	<u>9,662</u>
Non-current assets					
Investment in an associate	16	1,233	1,561	-	-
Investments in subsidiaries	17	-	-	32,526	22,526
Plant and equipment	18	2,169	3,533	6	15
Intangible assets	19	1,798	1,298	-	-
Deferred income tax assets	23	298	301	-	-
Trade and other receivables	12	311	1,321	-	-
		<u>5,809</u>	<u>8,014</u>	<u>32,532</u>	<u>22,541</u>
Total assets		<u>33,020</u>	<u>36,514</u>	<u>36,991</u>	<u>32,203</u>
LIABILITIES					
Current liabilities					
Trade and other payables	20	8,840	14,066	5,132	200
Current income tax liabilities		38	35	-	-
Borrowings	21	99	158	-	-
		<u>8,977</u>	<u>14,259</u>	<u>5,132</u>	<u>200</u>
Non-current liabilities					
Borrowings	21	10	18	-	-
Deferred income tax liabilities	23	67	75	-	-
		<u>77</u>	<u>93</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>9,054</u>	<u>14,352</u>	<u>5,132</u>	<u>200</u>
Net assets		<u>23,966</u>	<u>22,162</u>	<u>31,859</u>	<u>32,003</u>
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	24	31,948	31,948	31,948	31,948
Foreign currency translation reserve	25	(1,435)	(520)	-	-
(Accumulated losses) / Retained profits		<u>(6,868)</u>	<u>(9,356)</u>	<u>(89)</u>	<u>55</u>
Shareholders' equity		<u>23,645</u>	<u>22,072</u>	<u>31,859</u>	<u>32,003</u>
Minority interest		<u>321</u>	<u>90</u>	<u>-</u>	<u>-</u>
Total equity		<u>23,966</u>	<u>22,162</u>	<u>31,859</u>	<u>32,003</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	←	Attributable to equity holders of the Company		→		
	Share capital	Foreign currency translation reserve	Accumulated losses	Total	Minority interest	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2008	31,948	(520)	(9,356)	22,072	90	22,162
Foreign currency translation differences recognised directly in equity	-	(915)	-	(915)	(3)	(918)
Profit for the year	-	-	2,488	2,488	234	2,722
Total recognised income and expenses for the year	-	(915)	2,488	1,573	231	1,804
Balance at 31 December 2008	31,948	(1,435)	(6,868)	23,645	321	23,966

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	←	Attributable to equity holders of the Company		→		
	Share capital	Foreign currency translation reserve	Accumulated losses	Total	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	31,948	(618)	(5,821)	25,509	139	25,648
Foreign currency translation differences recognised directly in equity	-	98	-	98	(10)	88
Profit / (Loss) for the year	-	-	(3,535)	(3,535)	27	(3,508)
Total recognised income and expenses for the year	-	98	(3,535)	(3,437)	17	(3,420)
Dividend paid to minority interest	-	-	-	-	(66)	(66)
Balance at 31 December 2007	31,948	(520)	(9,356)	22,072	90	22,162

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Company	Share capital \$'000	(Accumulated losses) /Retained profits \$'000	Total \$'000
Balance at 1 January 2008	31,948	55	32,003
Loss for the year	-	(144)	(144)
Balance at 31 December 2008	<u>31,948</u>	<u>(89)</u>	<u>31,859</u>
Balance at 1 January 2007	31,948	58	32,006
Loss for the year	-	(3)	(3)
Balance at 31 December 2007	<u>31,948</u>	<u>55</u>	<u>32,003</u>

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	2008 \$'000	Group 2007 \$'000
Operating activities			
Profit /(Loss) before income tax		2,733	(3,227)
Adjustments for:-			
Amortisation of development costs and intellectual property	19	590	780
Depreciation of plant and equipment	18	1,389	1,811
Impairment loss on plant and equipment	5 & 18	286	-
Plant and equipment written off	5	151	15
Allowance for impairment of trade and other receivables (net)	4 & 5	258	2,920
Allowance for inventory obsolescence	4 & 5	350	775
Inventories written off	5	23	452
Net (gain) / loss on disposals of plant and equipment	4 & 5	(2)	117
Interest expense	6	43	38
Interest income	4	(33)	(82)
Share of results of an associate	16	(1,598)	(1,318)
Operating cash flow before movements in working capital		4,190	2,281
Changes in operating assets and liabilities			
Inventories		(543)	831
Finance lease receivables		145	532
Trade and other receivables		10,214	(10,519)
Trade and other payables		(5,299)	7,869
Cash generated from operations		8,707	994
Income tax (paid) / refund		(21)	112
Interest paid		(43)	(38)
Net cash from operating activities		<u>8,643</u>	<u>1,068</u>
Investing activities			
Purchases of plant and equipment	18	(735)	(819)
Proceeds from disposals of plant and equipment		125	686
Development costs paid	19	(1,101)	-
Withdrawal / (Placement) of fixed deposits pledged		998	(853)
Interest received		29	27
Dividend received from an associate		1,865	456
Net cash from / (used in) investing activities		<u>1,181</u>	<u>(503)</u>
Financing activities			
Finance lease interest income		4	55
Proceeds from borrowings		1,434	518
Repayments of borrowings		(1,477)	(524)
Repayment of finance leases		(17)	(45)
Payment of dividend to pre-listing shareholder		-	(164)
Payment of dividend to minority interest		-	(66)
Net cash used in financing activities		<u>(56)</u>	<u>(226)</u>
Net change in cash and cash equivalents		9,768	339
Cash and cash equivalents at beginning of year		993	565
Effect of exchange rate changes on cash and cash equivalents		(850)	89
Cash and cash equivalents at end of year	11	<u>9,911</u>	<u>993</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company (Registration Number 200211129W) is incorporated and domiciled in Singapore with its registered office at 168, Jalan Bukit Merah, Connection 1, Tower 3, #04-08A, Singapore 150168. The Company is publicly listed on Singapore Exchange Securities Trading Limited.

The principal activities of the Company are that of investment holding and the provision of management services.

The principal activities of its subsidiaries and associated company are disclosed in Note 32 to the financial statements.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2008 were authorised for issue by the Board of Directors on 30 March 2009.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 January 2008. The adoption of these new/ revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:-

	Effective date (annual periods beginning on or after)
FRS 1 : Presentation of Financial Statements (Revised)	1 January 2009
: Amendments to FRS 1 - Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 2 : Inventories (Revised)	1 January 2009
FRS 7 : Cash Flow Statements (Revised)	1 January 2009
FRS 8 : Accounting Policies, Changes in Accounting Estimates and Errors (Revised)	1 January 2009
FRS 11 : Construction Contracts (Revised)	1 January 2009
FRS 16 : Property, Plant and Equipment (Revised)	1 January 2009
FRS 19 : Employee Benefits (Revised)	1 January 2009
FRS 23 : Borrowing Costs (Revised)	1 January 2009
FRS 27 : Amendments to FRS 27 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32 : Financial Instruments: Presentation - Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

	Effective date (annual periods beginning on or after)
FRS 33 : Earnings Per Share (Revised)	1 January 2009
FRS 36 : Impairment of Assets (Revised)	1 January 2009
FRS 38 : Intangible Assets (Revised)	1 January 2009
FRS 39 : Amendments to FRS 39 Financial Instruments - Recognition and Measurement - Eligible Hedge Items	1 July 2009
FRS 101 : Amendments to FRS 101 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102 : Share-based Payment - Vesting Conditions and Cancellations	1 January 2009
FRS 105 : Non-current Assets Held for Sale and Discontinued Operations (Revised)	1 January 2009
FRS 108 : Operating Segments	1 January 2009

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except as disclosed below:

FRS 1 – Presentation of Financial Statements (Revised)

FRS 1 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a retrospective application of an accounting policy, a retrospective restatement of items in its financial statements or a reclassification of items in the financial statements. The Group will apply FRS 1 (Revised) from financial period beginning 1 January 2009.

FRS 23 – Borrowing Costs (Revised)

FRS 23 requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group will apply FRS 23 (Revised) prospectively from financial period beginning 1 January 2009.

FRS 108 – Operating Segments

FRS 108 requires an entity to adopt a “management perspective approach” in reporting financial and descriptive information about its reportable segment. Financial information is required to be reported on the basis that it is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. FRS 108 introduces additional segment disclosures to be made to improve the information about operating segments.

In 2007, the Group intended to early adopt FRS 108 from financial period beginning 1 January 2008. However, due to the restructuring of the Group was not completed as at 31 December 2008, there is no change in the reportable segment and therefore the Group will apply FRS 108 from financial period beginning 1 January 2009.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

Accounting policies of subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by other members of the Group.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the fair value of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination, except where the minority's share of losses in a subsidiary exceeds its interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. Subsequently, when the subsidiary reports profits, the profits applicable to the minority interest are attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company are fully recovered.

Investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in the income statement.

(c) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(d) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(d) Financial instruments (Continued)

Effective interest method

The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or expense over the relevant period. The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment losses directly with the exception of trade receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the income statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(d) Financial instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as "other financial liabilities".

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(f) Leases

The Group is the lessee

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(f) Leases (Continued)

The Group is the lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(h) Contract work-in-progress

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At the balance sheet date, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the balance sheet as "Costs in excess of progress billings". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Progress billings in excess of costs".

Progress billings not yet paid by customers and retentions are included within "Amounts due from contract customers".

(i) Associates

Associates are entities over which the Group has significant influence, but that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(i) Associates (Continued)

Where a Group entity transacts with the associates of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associates. This applies to unrealised losses which are also eliminated but only to the extent that there is no impairment.

(j) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see below).

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

(k) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is charged so as to write off the cost of assets, other than capital work-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment, furniture and renovation	5 years
Computers, telecommunications, research and development equipment	3-5 years
Motor vehicles	5 years

Capital work-in-progress comprising mainly telecommunications equipment that is not depreciated until they are ready for their intended use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(k) Plant and equipment (Continued)

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the costs can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

(l) Intangible assets

(i) Research and development costs

Research expenditure is recognised as an expense when incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent year.

Development costs that have been capitalised are amortised from the commencement of commercial production of the product to which they relate on a straight-line method over the period of their expected benefits, not exceeding a period of 5 years.

Subsequent to initial recognition, development costs are stated at cost less accumulated impairment losses (Note 19).

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

(ii) Intellectual property

Expenditure on acquired intellectual property is capitalised and amortised using the straight-line method over the period of its expected benefits, not exceeding a period of 5 years.

Subsequent to initial recognition, acquired intellectual property is stated at cost less accumulated amortisation and accumulated impairment losses (Note 2(n)).

(m) Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(m) Goodwill (Continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill on associates is included in the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the income statement.

(n) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

For sale of equipment made on behalf of third party suppliers or on an agency basis, revenue representing commission is recognised on delivery of the products to customers.

(ii) Revenue from service contracts

Revenue and profit from contracts are recognised on an individual contract basis using the percentage of completion method, when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the total revenue to be received and costs to complete can be reliably estimated. The percentage of completion is estimated by management with reference to the stage of completion of the obligations under the contract with the customer. Where it is probable that a loss will arise from a contract, the excess of total estimated costs over revenue is recognised as an expense immediately.

(iii) Revenue from maintenance contracts

Revenue from maintenance contracts is recognised on a straight-line basis over the period of the respective contracts.

(iv) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(v) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(s) Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and Malaysia's Employee Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(t) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(u) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the balance sheet date.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (Continued)

(u) Income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in income statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(v) Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Exchange differences which relate to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in income statement in the period in which the foreign operation is disposed of.

(w) Dividend

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

(x) Segment Reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the significant effect on the amounts recognised in the financial statements.

Allowances for impairment of trade and other receivables

The policy for allowances for trade and other receivables is based on the evaluation of collectability and aging analysis of accounts and on management's estimates. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. In addition, the Group has entered into agreements with certain customers to re-schedule the repayment of the amount owed by those customers. At balance sheet date, the balance owed by those customers, net of allowances for impairment, amounted to \$772,000 (2007: \$1,149,000). If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The net allowance for impairment of trade and other receivables charged to income statement for the financial year was \$258,000 (2007: \$2,920,000). The carrying amount of the Group's trade and other receivables as at 31 December 2008 was \$16,023,000 (2007: \$26,280,000).

Allowances for slow moving and obsolete inventories

The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowances for slow moving and obsolete items. Net realisable value is estimated based primarily on the latest invoice prices and current market conditions. The net allowance for impairment of inventories charged to the income statement for the financial year was \$350,000 (2007: \$775,000). The carrying amount of the Group's inventories as at 31 December 2008 was \$1,407,000 (2007: \$1,217,000).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Deferred tax assets

The Group recognises deferred tax assets for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward of unused tax assets and unused tax losses can be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent it has become probable that future taxable profit will allow the deferred tax assets to be recovered and that sufficient profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised. The carrying amount of the Group's deferred tax assets as at 31 December 2008 was \$298,000 (2007: \$301,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of plant and equipment

Plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow. The impairment loss on plant and equipment charged to the income statement for the financial year ended 2008 was \$286,000 (2007: \$Nil). The carrying amount of the Group's plant and equipment as at 31 December 2008 was \$2,169,000 (2007: \$3,533,000).

Impairment of investment in subsidiaries and amounts due from subsidiaries

The Group follows the guidance of FRS 36-Impairment of Assets and FRS 39-Financial Instruments: Recognition and Measurement in determining the possible impairment on investment in subsidiaries and the recoverability of amounts due from subsidiaries respectively. The determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amounts of the Company's investment in subsidiaries and amounts due from subsidiaries as at 31 December 2008 were \$32,526,000 (2007: \$22,526,000) and \$4,422,000 (2007: \$9,647,000) respectively.

Impairment of intangible assets

The Group determines whether the intangible assets are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets are being allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's intangible assets at 31 December 2008 was \$1,798,000 (2007: \$1,298,000).

Contract work-in-progress

As described in Note 2(h) to the financial statements, revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the management's estimated stage of completion of a project at the balance sheet date. These estimation of revenue and costs are based on the presumption that the outcome of a project can be estimated reliably. Management has performed the cost review for contract work-in-progress taking into account the costs to date and costs to complete each project and has also reviewed the status of such projects in determining the value of contract work-in-progress as at 31 December 2008 disclosed in Note 15 to the financial statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

4. Revenue and other operating income

	Group	
	2008	2007
	\$'000	\$'000
Revenue:		
Distribution of telecommunications products	227	3,714
Operation support systems	2,884	1,969
Proprietary solutions, software and services	16,522	19,158
Total revenue	<u>19,633</u>	<u>24,841</u>
Other operating income:		
- interest income from bank	29	27
- finance lease interest income	4	55
- write back of allowance for impairment of receivables	-	16
- foreign exchange gain	1,103	43
- gain on disposal of plant and equipment	3	7
- other income	79	43
Total other operating income	<u>1,218</u>	<u>191</u>
	<u><u>20,851</u></u>	<u><u>25,032</u></u>

5. Other operating expenses

	Group	
	2008	2007
	\$'000	\$'000
Allowance for impairment of trade receivables	28	1,685
Allowance for impairment of other receivables	230	1,251
Allowance for impairment on plant and equipment	286	-
Allowance for inventory obsolescence	350	775
Foreign exchange losses	821	912
Discounts allowed on trade receivables	-	504
Inventories written off	23	452
Loss on disposals of plant and equipment	1	124
Plant and equipment written off	151	15
Others	72	46
	<u>1,962</u>	<u>5,764</u>

6. Finance costs

	Group	
	2008	2007
	\$'000	\$'000
Interest expense:		
- bank borrowings	40	30
- finance lease liabilities	3	8
	<u>43</u>	<u>38</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

7. Profit/(Loss) before income tax

Profit/(Loss) before income tax is arrived at after charging:

	Group	
	2008	2007
	\$'000	\$'000
Amortisation of development costs and intellectual property (included in cost of sales) (Note 19)	590	780
Depreciation of plant and equipment (Note 18)	1,389	1,811
Cost of inventories recognised as an expense (included in cost of sales)	6,842	12,994
Rental expense - operating lease	570	590
	<u>590</u>	<u>590</u>

8. Staff costs

	Group	
	2008	2007
	\$'000	\$'000
Wages and salaries	3,529	3,902
Employer's contribution to defined contribution plans including Central Provident Fund	423	411
Staff welfare benefits	144	176
	<u>4,096</u>	<u>4,489</u>

The above includes key management's remuneration as disclosed in Note 30 (b).

9. Income tax

	Group	
	2008	2007
	\$'000	\$'000
Tax expense attributable to results is made up of:		
Current income tax	21	27
Deferred income tax	(5)	11
	<u>16</u>	<u>38</u>
(Over)/Under provision in preceding financial years		
- current income tax	(5)	(52)
- deferred income tax	-	295
	<u>11</u>	<u>281</u>

The income tax expense on results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2008	2007
	\$'000	\$'000
Profit/(Loss) before income tax	<u>2,733</u>	<u>(3,227)</u>
Tax calculated at a tax rate of 18% (2007: 18%)	492	(581)
Effect of different tax rates in other countries	348	78
Expenses not deductible for tax purposes	273	510
Temporary differences at zero tax rate due to pioneer status	(308)	(35)
Deferred tax asset not recognised in income statement	286	577
Tax exempt income	(1,066)	(481)
Utilisation of deferred tax asset previously not recognised	-	(19)
Overprovision in preceding financial years	(5)	(52)
Reversal of deferred tax assets to income statement	-	295
Share of results of an associate	(9)	(11)
Tax expense	<u>11</u>	<u>281</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

9. Income tax (Continued)

Two subsidiaries of the Company in Malaysia, Unified Communications Sdn Bhd and GlobeOSS Sdn Bhd, have been granted pioneer status as Multimedia Super Corridor ("MSC") companies under the Promotion of Investment Act, 1986. The benefits to a company having MSC status include a five year pioneer status tax exemption on profits generated from the MSC qualifying activities during the same period. The MSC status of Unified Communications Sdn Bhd, after being extended once, will expire on 20 December 2010. The MSC status of GlobeOSS Sdn Bhd, on the other hand, commenced from 15 January 2007 and will expire on 14 January 2012.

10. Earnings/(Loss) per share

The basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2008	2007
Earnings/(Loss) attributable to equity holders of the Company (\$'000)	2,488	(3,535)
Number of ordinary shares in issue during the financial year (\$'000)	319,573	319,573
Basic earnings/(loss) per share (cents)	0.78	(1.11)
Diluted earnings/(loss) per share (cents)	0.78	(1.11)

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share because the Company does not have potential dilutive shares.

11. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	2,974	1,092	19	8
Short-term bank deposits	7,118	1,087	-	-
	<u>10,092</u>	<u>2,179</u>	<u>19</u>	<u>8</u>

The carrying amounts of cash and cash equivalents approximate their fair values.

Short-term bank deposits comprise \$89,000 (2007: \$1,087,000) restricted deposits placed with the bank to secure banking facilities for the Group.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	59	121	17	6
Ringgit Malaysia	9,377	1,626	-	-
United States Dollar	536	311	2	2
Thai Baht	4	44	-	-
Others	116	77	-	-
	<u>10,092</u>	<u>2,179</u>	<u>19</u>	<u>8</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

11. Cash and cash equivalents (Continued)

Short-term bank deposits have a weighted average maturity of 2 months (2007: 5 months) from the end of the financial year with the following weighted average effective interest rates:

	Group		Company	
	2008	2007	2008	2007
Ringgit Malaysia	2.8%	3.1%	-	-
United States Dollar	2.1%	4.4%	-	-

For the purpose of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	Group	
	2008 \$'000	2007 \$'000
Cash and bank balances	10,092	2,179
Less:		
- Bank overdrafts (Note 21)	(92)	(99)
- Restricted deposits	(89)	(1,087)
Cash and cash equivalents per consolidated cash flow statement	<u>9,911</u>	<u>993</u>

12. Trade and other receivables

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current				
Trade receivables:				
- related corporations	20	9	-	-
- associate	699	20	-	-
- third parties	15,575	25,523	-	-
	16,294	25,552	-	-
Less: Allowance for impairment of receivables - third parties	(2,936)	(2,653)	-	-
Trade receivables - net	<u>13,358</u>	<u>22,899</u>	-	-
Proprietary solutions contracts:				
- due from customers (Note 15)	70	15	-	-
Deposits	140	140	-	-
Less: Allowance for impairment of deposits	(24)	(24)	-	-
Prepayment	465	95	17	7
Other receivables:				
- amounts due from subsidiaries (non-trade)	-	-	4,422	9,647
- staff advances	30	57	-	-
- amount due from ultimate holding corporation (non-trade)	133	139	-	-
- income tax recoverable	30	53	-	-
- sundry	1,873	1,886	1	-
Less: Allowance for impairment of sundry receivables	(363)	(301)	-	-
	<u>15,712</u>	<u>24,959</u>	<u>4,440</u>	<u>9,654</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

12. Trade and other receivables (Continued)

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-Current				
Trade receivables	308	882	-	-
Less: Allowance for impairment of trade receivables	(62)	(426)	-	-
Trade receivables - net	<u>246</u>	<u>456</u>	<u>-</u>	<u>-</u>
Sundry receivables	1,165	1,815	-	-
Less: Allowance for impairment of sundry receivables	(1,100)	(950)	-	-
Sundry receivables - net	<u>65</u>	<u>865</u>	<u>-</u>	<u>-</u>
	<u>311</u>	<u>1,321</u>	<u>-</u>	<u>-</u>

Amounts due from related corporations, subsidiaries and ultimate holding corporations are unsecured, interest free and are repayable on demand.

The average credit period on sale of goods is 30 - 90 days (2007: 30 - 90 days).

Management believes that no significant additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The carrying amounts of trade and other receivables approximate their fair values.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Singapore Dollar	1,656	176	4,440	9,654
Ringgit Malaysia	6,475	16,906	-	-
United States Dollar	7,236	8,761	-	-
Others	656	437	-	-
	<u>16,023</u>	<u>26,280</u>	<u>4,440</u>	<u>9,654</u>

The ageing analysis of trade receivables past due but not impaired:-

	Group	
	2008 \$'000	2007 \$'000
Past due 0 to 3 months	740	1,028
Past due 3 to 9 months	2,874	94
Past due over 9 months	4,196	3,197
	<u>7,810</u>	<u>4,319</u>

Included in the Group's trade receivables balance are debtors with a carrying value of \$7.8million (2007: \$4.3million), which are past due but not impaired at balance sheet date. The Group has not made any allowances for impairment for these debtors since there has not been a significant change in credit quality of these debtors and the amounts owing are still considered as being recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

12. Trade and other receivables (Continued)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade debtor from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and/or payment track records. Allowances for doubtful trade receivables are made on specific trade receivables when there is objective evidence that the Group will not be able to collect all amounts due. Included in current year provisions are mainly specific allowances for impairment of certain long outstanding receivables which have been subjected to a restructuring of payment terms or those that have not complied with the restructured terms entered into in 2006.

The carrying amount of trade and non-trade receivables individually determined to be impaired are as follows:-

	Trade Group		Non trade Group	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Gross amount	3,286	4,177	3,174	3,645
Less: allowance for impairment	(2,998)	(3,079)	(1,487)	(1,275)
	<u>288</u>	<u>1,098</u>	<u>1,687</u>	<u>2,370</u>
Beginning of the year	3,079	2,378	1,275	24
Allowance made	28	1,685	230	1,251
Written off against allowance	(109)	(984)	(18)	-
End of the financial year	<u>2,998</u>	<u>3,079</u>	<u>1,487</u>	<u>1,275</u>

13. Finance lease receivables

	Minimum lease payments Group		Present value of minimum lease payments Group	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Amount receivable under finance lease:				
- within one year	-	149	-	145
- In the second to fifth year inclusive	-	-	-	-
	-	149	-	145
Less: unearned finance income	-	(4)	-	-
Present value of minimum lease payments receivable	<u>-</u>	<u>145</u>	<u>-</u>	<u>145</u>
			Group	
			2008 \$'000	2007 \$'000

The net investment in finance leases may be analysed as follows:-
 Current finance lease receivables (recoverable within 12 months) - 145
 Non-current finance lease receivables (recoverable after 12 months) -
- 145

Finance lease receivables are denominated in United States Dollars.

The Group enters into finance leasing arrangements for sales of certain telecommunications equipment. The average term of finance leases entered into is 3 years.

There were no finance leasing arrangements entered into during financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

13. Finance lease receivables (Continued)

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated to be negligible.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. In 2007, the average effective interest rate contracted was approximately 12.4% per annum.

The fair value of the Group's finance lease receivables approximates their carrying amount.

14. Inventories

	Group	
	2008	2007
	\$'000	\$'000
At cost	2,683	2,304
Less: Allowance for obsolete inventories	(1,276)	(1,087)
	<u>1,407</u>	<u>1,217</u>
Movement in allowance for obsolete inventories:		
At beginning of the financial year	1,087	673
Written off against allowance	(161)	(361)
Charge to income statement	350	775
At end of the financial year	<u>1,276</u>	<u>1,087</u>

15. Contract work-in-progress

	Group	
	2008	2007
	\$'000	\$'000
Aggregate contract costs recognised and recognised profits to date	18,502	9,848
Less: Progress billings	(19,290)	(13,327)
	<u>(788)</u>	<u>(3,479)</u>
Due from customers on Proprietary Solutions contracts (Note 12)	<u>70</u>	<u>15</u>
Due to customers on Proprietary Solutions contracts (Note 20)	<u>(858)</u>	<u>(3,494)</u>

16. Investment in an associate

	Group	
	2008	2007
	\$'000	\$'000
Investment at cost	<u>69</u>	<u>69</u>
At beginning of the financial year	1,561	702
Exchange differences	(61)	(3)
Share of results (net of tax)	1,598	1,318
Dividend received (net of tax)	(1,865)	(456)
At end of the financial year	<u>1,233</u>	<u>1,561</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

16. Investment in an associate (Continued)

Summarised financial information in respect of the Group's associate is as follows:-

	Group	
	2008 \$'000	2007 \$'000
Assets and liabilities:		
Total assets	4,089	4,199
Total liabilities	1,007	295
Net assets	3,082	3,904
Group's share of associate's net assets	1,233	1,561
Results:		
Revenue	5,224	4,370
Profit for the year	3,995	3,294
Group's share of associate's profit for the year	1,598	1,318

Details of the associate is included in Note 32.

17. Investments in subsidiaries

	Company	
	2008 \$'000	2007 \$'000
Unquoted shares, at cost	32,526	22,526

Details of the subsidiaries are included in Note 32.

18. Plant and equipment

Group	Office equipment, furniture and renovation \$'000	Computers, tele- communications, research and development equipment \$'000	Motor vehicles \$'000	Capital work-in- progress \$'000	Total \$'000
Cost					
At 1 January 2008	958	8,710	255	-	9,923
Additions	181	554	-	-	735
Disposals	(12)	(181)	-	-	(193)
Write off	(40)	(421)	-	-	(461)
Foreign currency translation differences	(41)	(244)	(13)	-	(298)
At 31 December 2008	1,046	8,418	242	-	9,706
Accumulated depreciation					
At 1 January 2008	714	5,446	230	-	6,390
Depreciation charge for the financial year	104	1,265	20	-	1,389
Disposals	(10)	(60)	-	-	(70)
Write off	(28)	(282)	-	-	(310)
Foreign currency translation differences	(34)	(162)	(12)	-	(208)
Capitalisation to intangible assets (Note 19)	15	45	-	-	60
At 31 December 2008	761	6,252	238	-	7,251

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

18. Plant and equipment (Continued)

Group	Office equipment, furniture and renovation \$'000	Computers, tele- communications, research and development equipment \$'000	Motor vehicles \$'000	Capital work-in- progress \$'000	Total \$'000
Accumulated impairment loss					
At 1 January 2008	-	-	-	-	-
Impairment loss for the year	-	286	-	-	286
At 31 December 2008	-	286	-	-	286
Carrying amount					
At 31 December 2008	285	1,880	4	-	2,169
Cost					
At 1 January 2007	906	8,139	278	3,613	12,936
Additions	80	739	-	-	819
Disposals	(18)	(118)	(24)	(3,613)	(3,773)
Write off	(14)	(50)	-	-	(64)
Foreign currency translation differences	4	-	1	-	5
At 31 December 2007	958	8,710	255	-	9,923
Accumulated depreciation					
At 1 January 2007	545	3,972	187	-	4,704
Depreciation charge for the financial year	189	1,557	65	-	1,811
Disposals	(11)	(47)	(24)	-	(82)
Write off	(12)	(37)	-	-	(49)
Foreign currency translation differences	3	1	2	-	6
At 31 December 2007	714	5,446	230	-	6,390
Impairment loss					
At 1 January 2007	-	-	-	192	192
Reversal on disposal during the year	-	-	-	(192)	(192)
At 31 December 2007	-	-	-	-	-
Carrying amount					
At 31 December 2007	244	3,264	25	-	3,533

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

18. Plant and equipment (Continued)

	Office equipment, furniture and renovation \$'000
Company	
Cost	
At 1 January 2008 and 31 December 2008	46
Accumulated depreciation	
At 1 January 2008	31
Depreciation charge for the financial year	9
At 31 December 2008	40
Carrying amount	
At 31 December 2008	6
	Office equipment, furniture and renovation \$'000
Company	
Cost	
At 1 January 2007 and 31 December 2007	46
Accumulated depreciation	
At 1 January 2007	22
Depreciation charge for the financial year	9
At 31 December 2007	31
Carrying amount	
At 31 December 2007	15

During the financial year, an impairment loss of \$286,000 (2007: \$Nil), being the excess of the carrying value of equipment over its recoverable amount, is recognised for the Group due to its expected realisable value being below its cost.

In 2007, there was a write back of \$192,000 as the assets were sold at net carrying value.

The carrying amount of motor vehicles held under finance leases at 31 December 2008 amounted to \$5,000 (2007: \$25,000).

19. Intangible assets

	Development cost \$'000	Intellectual property \$'000	Total \$'000
Group			
Cost			
At 1 January 2007	1,604	2,132	3,736
Foreign currency translation differences	4	6	10
At 31 December 2007	1,608	2,138	3,746
Addition during the year	1,101	-	1,101
Depreciation of development equipment (Note 18)	60	-	60
Foreign currency translation differences	(84)	55	(29)
At 31 December 2008	2,685	2,193	4,878

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

19. Intangible assets (Continued)

	Development cost \$'000	Intellectual property \$'000	Total \$'000
Accumulated amortisation			
At 1 January 2007	268	1,399	1,667
Amortisation charge for the year	320	460	780
Foreign currency translation differences	-	1	1
At 31 December 2007	588	1,860	2,448
Amortisation charge for the year	324	266	590
Foreign currency translation differences	(25)	67	42
At 31 December 2008	887	2,193	3,080
Carrying amount			
At 31 December 2007	1,020	278	1,298
At 31 December 2008	1,798	-	1,798

Intellectual property comprises rights and titles relating to mobile software, the amortisation of which is recognised as cost of sales in the income statement.

20. Trade and other payables

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade payables	5,698	8,135	-	-
Proprietary solutions contracts:				
- due to customers (Note 15)	858	3,494	-	-
Accrued operating expenses	1,376	807	246	200
Deposits received	39	41	-	-
Other payables:				
- supplier of intellectual property	-	227	-	-
- amount due to ultimate holding corporation (non-trade)	12	19	-	-
- amount due to a subsidiary (non-trade)	-	-	4,884	-
- amount due to related corporations (non-trade)	448	918	-	-
- amount due to an associate (non-trade)	20	18	-	-
- deferred government grant	160	-	-	-
- sundry	229	407	2	-
	8,840	14,066	5,132	200

Non-trade amounts due to the ultimate holding corporation, a subsidiary, an associate and related corporations are unsecured, interest free and are repayable on demand. Related corporations are the Company's fellow subsidiaries.

The average credit period on purchases is 30 - 90 days (2007: 30 - 90 days).

No interest charged on the trade and other payables.

The carrying amounts of trade and other payables approximate their fair values.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Singapore Dollar	821	173	248	200
Ringgit Malaysia	4,073	7,924	4,884	-
United States Dollar	3,538	4,979	-	-
Euro	332	740	-	-
Others	76	250	-	-
	8,840	14,066	5,132	200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

21. Borrowings

	Group	
	2008	2007
	\$'000	\$'000
Current		
Bank overdrafts (Note 11)	92	99
Bank borrowings	-	43
Finance lease liabilities (Note 22)	7	16
	<u>99</u>	<u>158</u>
Non-current		
Finance lease liabilities (Note 22)	10	18
Total borrowings	<u>109</u>	<u>176</u>

(a) Security granted

The bank overdrafts are secured by corporate guarantees from the Company. In 2007, the bank borrowings were secured by corporate guarantees from the Company and a subsidiary, and a charge on short-term bank deposits of \$1,086,639. Finance lease liabilities of the Group are secured by the rights to the leased motor vehicles (Note 18), which would revert to the lessors in the event of default by the Group.

(b) Maturity of borrowings

The bank borrowings have a weighted average maturity of 1 month (2007: 1.5 month) from the end of the financial year.

(c) Currency risk

The carrying amounts of total borrowings are denominated in the following currencies:

	Group	
	2008	2007
	\$'000	\$'000
Singapore Dollar	92	99
Ringgit Malaysia	17	77
	<u>109</u>	<u>176</u>

(d) Interest rate risks

The weighted average effective interest rates of total borrowings at balance sheet date are as follows:

	Group			
	2008		2007	
	SGD	MYR	SGD	MYR
Bank overdrafts	6.5%	7.4%	6.5%	8.3%
Bank borrowings	-	4.5%	-	5.4%
Finance lease liabilities	-	3.3%	-	6.1%
	<u>-</u>	<u>3.3%</u>	<u>-</u>	<u>6.1%</u>

The exposure of current and non-current borrowings to interest rate risks is disclosed in Note 28 (b) (iii).

(e) Carrying amounts and fair values

The carrying amounts of borrowings approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

22. Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	Group		Group	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Amount payable under finance lease:				
- within one year	8	20	7	16
- In the second to fifth year inclusive	13	21	10	18
	<u>21</u>	<u>41</u>	<u>17</u>	<u>34</u>
Less: future finance charges	(4)	(7)	-	-
Present value of minimum lease liabilities	<u>17</u>	<u>34</u>	<u>17</u>	<u>34</u>

The present value of finance lease liabilities may be analysed as follows:-

	Group	
	2008 \$'000	2007 \$'000
Current finance lease liabilities (payable within 12 months) (Note 21)	7	16
Non-current finance lease liabilities (payable after 12 months) (Note 21)	<u>10</u>	<u>18</u>
	<u>17</u>	<u>34</u>

Finance lease liabilities are denominated in Ringgit Malaysia.

23. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:-

	Group	
	2008 \$'000	2007 \$'000
Deferred income tax assets		
- to be recovered after more than 12 months	(298)	(301)
Deferred income tax liabilities		
- to be settled after more than 12 months	<u>67</u>	<u>75</u>
	<u>(231)</u>	<u>(226)</u>

The movements in the deferred income tax account are as follows:-

	Group	
	2008 \$'000	2007 \$'000
At beginning of the financial year	(226)	(532)
Tax charge to income statement	(5)	306
At end of the financial year	<u>(231)</u>	<u>(226)</u>

As at 31 December 2008, the Group has unabsorbed tax losses of approximately \$10,716,000 (2007: \$10,159,000) and unutilised capital allowances of approximately \$823,000 (2007: \$2,750,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unabsorbed tax losses and unutilised capital allowances in their respective countries in which the companies operate. Included in these balances are unabsorbed tax losses and unutilised capital allowances of approximately \$35,000 (2007: \$70,000) which have been used to reduce deferred tax liabilities of the Group for the financial year. The deferred tax benefits on the remaining carried forward unabsorbed tax losses and unutilised capital allowances amounting to \$11,539,000 (2007: \$11,270,000) have not been recognised in the financial statements mainly because it is not probable that future taxable profit will be available against which certain subsidiaries can utilise the benefits and due to the pioneer status of subsidiaries of the Company as disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

23. Deferred income taxes (Continued)

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Group	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
Deferred income tax liabilities			
2008			
At 1 January 2008	75	-	75
Credited to income statement	(8)	-	(8)
At 31 December 2008	<u>67</u>	<u>-</u>	<u>67</u>
2007			
At 1 January 2007	463	7	470
Credited to income statement	(388)	(7)	(395)
At 31 December 2007	<u>75</u>	<u>-</u>	<u>75</u>
	Provisions	Tax losses and capital allowances	Others
	\$'000	\$'000	\$'000
Deferred income tax assets			
2008			
At 1 January 2008	-	(295)	(6)
Charged to income statement	-	-	3
At 31 December 2008	<u>-</u>	<u>(295)</u>	<u>(3)</u>
2007			
At 1 January 2007	(7)	(946)	(49)
Charged to income statement	7	651	43
At 31 December 2007	<u>-</u>	<u>(295)</u>	<u>(6)</u>

24. Share capital

	Group and Company			
	2008 Shares	2007 Shares	2008 \$'000	2007 \$'000
Issued and paid up ordinary shares:				
At beginning and end of the financial year	<u>319,572,675</u>	<u>319,572,675</u>	<u>31,948</u>	<u>31,948</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The ordinary shares of the Company have no par value.

25. Foreign currency translation reserve

The movements in the foreign currency translation reserve are set out in the Consolidated Statement of Changes in Equity.

The foreign currency translation reserve is non-distributable.

26. Contingent liabilities, unsecured

The Company has undertaken to provide corporate guarantees to its subsidiary on its borrowings amounting to \$81,000 (2007: \$142,000). The fair values of the corporate guarantees are immaterial based on management's estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

26. Contingent liabilities, unsecured (Continued)

The Company has also undertaken to provide continued financial support to its subsidiary which have accumulated losses of \$167,972 (2007: \$6,692,975) in excess of the issued and paid-up capital as at 31 December 2008 to enable them to continue to operate as a going concern and to meet their obligations when they fall due.

In the opinion of the management, no losses were expected to arise pertaining to the aforesaid contingent liabilities.

27. Commitments

(a) Operating lease commitments

The Group leases various premises and equipment under non-cancellable operating lease agreements. The leases have been negotiated with varying terms and renewal rights ranging from one to five years.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Not later than one year	154	298	-	-
Later than one year but not later than five years	226	6	-	-
	<u>380</u>	<u>304</u>	<u>-</u>	<u>-</u>

(b) Capital commitments

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Investment in joint venture	-	9	-	-
Investment in subsidiaries	9	-	-	-
	<u>9</u>	<u>9</u>	<u>-</u>	<u>-</u>

28. Financial instruments, financial risk and capital risk management

(a) Categories of financial instruments

The following table sets out the financial instruments as at balance sheet date:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	<u>26,115</u>	<u>28,604</u>	<u>4,459</u>	<u>9,662</u>
Financial liabilities				
Payables	8,840	14,066	5,132	200
Borrowings	<u>109</u>	<u>176</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

28. Financial instruments, financial risk and capital risk management (Continued)

(b) Financial risk factors

The Group's activities expose it to a variety of financial risks including credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group seeks to identify areas of significant risks as well as appropriate measures to control and mitigate these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the identified risks.

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The top 5 trade receivables comprise 84% (2007: 72%) of trade receivables (net of impairment allowances), which include a single major customer located in Malaysia making up 41% (2007: 52%) of the trade receivables (net of impairment allowances). The Group has policies in place to ensure that sales of products and services are made to customers with an acceptable credit history.

As the Group and the Company do not hold any collateral, the carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

Bank deposits are mainly placed with banks with good credit ratings assigned by international credit-rating agencies.

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially relating to companies with good payment track records or credit history with the Group.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The ageing analysis of trade receivables that are past due but not impaired is provided in Note 12.

(ii) Foreign exchange risk management

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Ringgit Malaysia, the Euro and the United States Dollar.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group monitors the movement in foreign currency exchange rates closely to ensure action can be taken as appropriate to minimise exposure.

The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group intends to manage its currency exposure to the net assets of the Group's foreign operations in Malaysia through holding borrowings denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

28. Financial instruments, financial risk and capital risk management (Continued)

(b) Financial risk factors (Continued)

(ii) Foreign exchange risk management (Continued)

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at balance sheet date are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States Dollar	3,538	4,979	7,772	9,217	-	-	2	2
Singapore Dollar	913	272	1,715	297	248	200	4,457	9,660
Ringgit Malaysia	4,090	8,001	15,852	18,532	4,884	-	-	-
Euro	332	740	32	-	-	-	-	-
Others	76	250	744	558	-	-	-	-

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Singapore Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the impact of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the reporting currency of the Group.

If the Singapore Dollar strengthens by 10% against the relevant foreign currencies, the income statement of the Group will increase/(decrease) by:

Group	United States Dollar		Ringgit Malaysia		Euro Impact	
	Impact		Impact			
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income statement	(423)	(424)	(1,176)	(1,053)	30	74

If the Singapore Dollar weakens by 10% against the relevant foreign currencies, the income statement of the Group will increase/(decrease) by:

Group	United States Dollar		Ringgit Malaysia		Euro Impact	
	Impact		Impact			
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income statement	423	424	1,176	1,053	(30)	(74)

The potential impact of foreign exchange rate fluctuations on the income statement and equity of the Group as described in the sensitivity analysis above is attributable mainly to foreign exchange rate fluctuations the Group's foreign exchange rate exposure on non-reporting currency receivables and payables at year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

28. Financial instruments, financial risk and capital risk management (Continued)

(b) Financial risk factors (Continued)

(ii) Foreign exchange risk management (Continued)

Foreign exchange risk has negligible impact on the income statement of the Company as the Company has insignificant foreign currency denominated receivables and payables at year end.

(iii) Interest rate risk management

Summary quantitative data on the Group's interest-bearing financial instruments can be found in Notes 13 and 21.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial instruments, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Regarding the Group's exposure to changes in interest rates, primarily due to the Group's borrowings, management's preferred approach is to fix interest rates for longer durations whenever possible.

The Group's interest risk mainly arises from current borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group monitors the movement in interest rates closely to ensure actions can be taken to minimise exposures as considered necessary.

Interest rate sensitivity

Interest rate risk has negligible impact on the income statement and equity of the Group and of the Company as the Group and the Company do not have significant interest-bearing financial instruments.

(iv) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping multi-option credit facilities available.

Liquidity risk analysis

Non – derivative financial liabilities

The following details the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

Group	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Total \$'000
2008				
Non- interest bearing	8,878	67	-	8,945
Finance lease liability (fixed rate)	7	10	-	17
Variable interest rate instruments	92	-	-	92
	<u>8,977</u>	<u>77</u>	<u>-</u>	<u>9,054</u>
2007				
Non-interest bearing	14,101	75	-	14,176
Finance lease liability (fixed rate)	16	18	-	34
Variable interest rate instruments	142	-	-	142
	<u>14,259</u>	<u>93</u>	<u>-</u>	<u>14,352</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

28. Financial instruments, financial risk and capital risk management (Continued)

(b) Financial risk factors (Continued)

(iv) Liquidity risk management (Continued)

Company	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Total \$'000
2008				
Non - interest bearing	5,132	-	-	5,132
2007				
Non - interest bearing	200	-	-	200

(v) Capital risk management policies and objectives

The Group actively and regularly reviews and manages its capital structure with the objectives of ensuring that the Group will be able to continue as a going concern while maximising the return to stakeholders. These reviews take into consideration future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

The capital structure of the Group consists of debt which includes borrowings (Note 21), cash and cash equivalents (Note 11), and equity attributable to equity holders of the Company.

The Group's overall capital management strategy remains unchanged from 2007 and this includes maintaining a healthy gearing ratio taking into consideration the objectives of the Group. As at balance sheet date, the gearing ratio calculated as total borrowings divided by total equity is as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total borrowings	109	176	-	-
Total equity	23,966	22,162	31,859	32,003
Gearing ratio	0.5%	0.8%	-	-

The Group does not have any externally imposed capital requirements.

(vi) Fair value of financial assets and financial liabilities

The carrying amount of cash and cash equivalents, trade and other current receivables and payables, approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements. The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

29. Immediate and ultimate holding corporations

The Company's immediate holding corporation is Worldwide Matrix Sdn Bhd, and its ultimate holding corporation is Advance Synergy Berhad, both incorporated in Malaysia. Worldwide Matrix Sdn Bhd is a wholly-owned subsidiary of Advance Synergy Berhad.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

30. Related party transactions

Related corporations in these financial statements refer to members of the immediate and ultimate holding corporations' groups of companies.

In addition to the related party transactions disclosed elsewhere in these financial statements, the following transactions took place between the Group and related parties during the financial year:-

(a) Sales and purchases of goods and services

	Group	
	2008	2007
	\$'000	\$'000
Sales of goods/services to:		
- other related corporations	19	19
Purchase of goods/services from:		
- other related corporations	117	13
Rental and maintenance fees charged by a commonly controlled entity	193	171

Sales to the related corporations were carried out on terms agreed between the parties.

	Company	
	2008	2007
	\$'000	\$'000
Reimbursement of expenses charged to subsidiaries	344	246
Service fee charged to subsidiaries	17	-
Payment on behalf by subsidiaries	187	236

(b) Key management's remuneration

Key management's remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefit. The remuneration for key management of the Group is as follows:-

	Group	
	2008	2007
	\$'000	\$'000
Key management of the Group:		
Directors		
Salaries and other short-term employee benefits	324	197
Contribution to defined contribution pension plans	8	7
Others		
Salaries and other short-term employee benefits	1,001	466
Contribution to defined contribution pension plans	62	35
Fee paid to a corporation related to a director of a subsidiary	102	-
	1,497	705
	1,497	705
	Company	
	2008	2007
	\$'000	\$'000
Key management of the Company:		
Directors		
Short-term employee benefits	86	90
	86	90
	86	90

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

31. Segment information

Primary reporting format - business segments

The Group is organised into three main business segments:

- * Provision of telecommunications products or customised solutions for the telecommunications industry ("Proprietary Solutions");
- * Distribution of third party telecommunications products and components ("Distribution"); and
- * Provision of global roaming quality of service management solutions ("Operation Support Systems").

Others comprise investment holding and provision of management services by the Company, which did not constitute a separate reportable segment.

Inter-segment transactions are determined on an arm's length basis. Segment assets consist primarily of plant and equipment, intangible assets, inventories, receivables and operating cash, and exclude deferred tax assets and short-term bank deposits. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and borrowings. Capital expenditure comprises additions to plant and equipment and intangible assets.

Segment revenue and expenses

Segment revenue and expense are the operating revenue and expense reported in the Group's income statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Inter-segment transfer

Segment revenue and expense included transfer between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

31. Segment information (Continued)

	Proprietary Solutions \$'000	Distribution \$'000	Operation Support Systems \$'000	Others \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2008						
Sales:						
- external sales	16,522	227	2,884	-	-	19,633
- inter-segment sales	-	-	662	-	(662)	-
	<u>16,522</u>	<u>227</u>	<u>3,546</u>	<u>-</u>	<u>(662)</u>	<u>19,633</u>
Segment results	2,087	(692)	445	-	(662)	1,178
Finance costs						(43)
Share of results of an associate	1,598	-	-	-	-	1,598
Profit before income tax						<u>2,733</u>
Income tax						(11)
Profit after tax						<u>2,722</u>
Minority interest						(234)
Profit attributable to shareholders						<u><u>2,488</u></u>
Segment assets	27,969	364	3,246	42	(132)	31,489
Associate	1,233	-	-	-	-	1,233
Unallocated assets						298
Consolidated total assets						<u><u>33,020</u></u>
Segment liabilities	6,574	1,081	2,724	248	(1,748)	8,879
Unallocated liabilities						175
Consolidated total liabilities						<u><u>9,054</u></u>
Other segment items						
Capital expenditure:						
- Plant and equipment	652	-	83	-	-	735
- Amortisation of development cost and intellectual property	573	-	17	-	-	590
- Depreciation of plant and equipment	1,316	56	11	9	(3)	1,389
- Development cost and intellectual property	662	-	439	-	-	1,101

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

31. Segment information (Continued)

	Proprietary Solutions \$'000	Distribution \$'000	Operation Support Systems \$'000	Others \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2007						
Sales:						
- external sales	19,158	3,714	1,969	-	-	24,841
- inter-segment sales	-	494	-	-	(494)	-
	19,158	4,208	1,969	-	(494)	24,841
Segment results	(3,270)	(1,516)	279	-	-	(4,507)
Finance costs						(38)
Share of results of an associate	1,318	-	-	-	-	1,318
Loss before income tax						(3,227)
Income tax						(281)
Loss after tax						3,508
Minority interest						(27)
Loss attributable to shareholders						<u>(3,535)</u>
Segment assets	31,974	1,719	1,357	30	(480)	34,600
Associate	1,561	-	-	-	-	1,561
Unallocated assets						353
Consolidated total assets						<u>36,514</u>
Segment liabilities	12,367	4,680	1,406	200	(4,586)	14,067
Unallocated liabilities						285
Consolidated total liabilities						<u>14,352</u>
Other segment items						
Capital expenditure:						
- Plant and equipment	795	7	17	-	-	819
- Amortisation of development cost and intellectual property	780	-	-	-	-	780
- Depreciation of plant and equipment	1,722	76	4	9	-	1,811

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

31. Segment information (Continued)

Secondary reporting format - geographical segments

The Group's three business segments operate in four main geographical areas:

- ASEAN - the Company is headquartered in Singapore, and has operations in Singapore and other ASEAN countries. The operations in this area are principally the provision of telecommunications products and customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions, and the distribution of third party telecommunications products and components; and
- Greater China, North America and other countries, and South Asia and Middle East - the operations in these areas are principally the provision of telecommunications products and customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions and the distribution of third party telecommunications products and components.

Sales are based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

	Sales \$'000	Total assets \$'000	Capital expenditure \$'000
2008			
ASEAN	14,202	28,057	735
Greater China	1,940	793	-
North America and other countries	128	117	-
South Asia and Middle East	3,363	2,522	-
	<u>19,633</u>	<u>31,489</u>	<u>735</u>
Investment in an Associate (Note 16)		1,233	
Unallocated assets		298	
		<u>33,020</u>	
	Sales \$'000	Total assets \$'000	Capital expenditure \$'000
2007			
ASEAN	20,249	31,488	819
Greater China	2,689	1,094	-
North America and other countries	254	384	-
South Asia and Middle East	1,649	1,634	-
	<u>24,841</u>	<u>34,600</u>	<u>819</u>
Investment in an Associate (Note 16)		1,561	
Unallocated assets		353	
		<u>36,514</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

32. Listing of companies in the Group

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2008 %	2007 %
<u>Subsidiaries held by the Company</u>				
Unified Communications Pte Ltd (a)	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry	Singapore	100	100
Unified Communications Sdn Bhd (b)	Research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry	Malaysia	100	100
<u>Subsidiaries held by the Group</u>				
Unified Communications Limited (c)	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry	Hong Kong	51	51
Unified (Thailand) Limited (d)	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry	Thailand	(e)	(e)
Attrix Technology Pte Ltd (a)	Distribution of information technology and telecommunications products	Singapore	100	100
AttrixTech Sdn Bhd (b)	Distribution of information technology and telecommunications products	Malaysia	100	100
Unified Communications (Private) Limited (g)	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises	Pakistan	100	-
Unified Communications (Shenzhen) Pte Ltd (f)	Distribution of telecommunications products, development of localised telecommunications solutions and maintenance and support services for the telecommunications industry	People's Republic of China	100	100
GlobeOSS Sdn Bhd (b)	Provision of global roaming quality of service management solutions	Malaysia	51	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

32. Listing of companies in the Group (Continued)

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2008 %	2007 %
<u>Subsidiaries held by the Group</u>				
GlobeOSS Pte Ltd (a)	Provision of global roaming quality of service management solutions	Singapore	51	51
<u>Associated company held by the Group</u>				
Ahead Mobile Sdn Bhd (b)	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry	Malaysia	40	40
<u>Investment in jointly controlled entity held by a subsidiary</u>				
Unified Telecom Private Limited (UTPL) (h)	Provision of telecommunications products, services and customised solutions	India	50	-

(a) Audited by BDO Raffles, Singapore

(b) Audited by BDO Binder, Malaysia

(c) Audited by Tang, Lit & Co., Certified Public Accountant, Hong Kong

(d) Audited by ThaiCon Auditing Limited, Thailand

(e) The total share capital is Thai Baht ("THB") 2,000,000 comprising THB 1,100,000 of fully paid-up preference shares and THB 900,000 of fully paid-up ordinary shares. Unified Communications Pte Ltd subscribed to 100% of the issued and paid-up ordinary shares, and a third party investor subscribed to 100% of the issued and paid-up preference shares.

(f) Audited by Shenzhen JiHen Certified Public Accountants Co., Ltd, People's Republic of China

(g) On 15 October 2008, Unified Communications Pte Ltd ("UCPL") incorporated a wholly owned subsidiary Unified Communications (Private) Limited in Pakistan ("UC Pakistan"). UCPL is to subscribe for a total of 50,000 new ordinary shares of PKR 10 each in UC Pakistan representing 100% equity invest in UC Pakistan at par. The entity has yet to appoint the auditor.

(h) Please refer to Note 33 for further details. Management accounts have been used for consolidation purposes as the results and net tangible assets of this entity are insignificant to the Group.

33. Investment in joint venture

On 1 February 2008, UCPL had subscribed for 50% ordinary shares in its jointly controlled entity, UTPL, for a consideration of Indian Rupees 250,000, representing an effective equity interest of the Group of 50%.

The following amounts represents the Group's 50% share of the assets and liabilities, and income and expenses of the joint venture which are included in the consolidated balance sheet and income statement of the Group using the line-by-line format of proportionate consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

33. Investment in joint venture (Continued)

	2008 \$'000
Assets	
-Current assets	110
-Non-current assets	8
	<u>118</u>
Liabilities	
- Current liabilities	2
	<u>2</u>
Net assets	<u>116</u>
Sales	30
Expenses	27
Profit before tax	3
Income tax	-
Profit for the year	<u>3</u>
Operating cash outflows	(20)
Investing cash outflows	(8)
Financing cash inflows	113
	<u>85</u>

34. Significant events subsequent to balance sheet date

Further to the announcement made on 30 December 2008 by the Company in relation to the Group-wide internal corporate reorganisation exercise:

- (a) On 5 January 2009, UCPL (a wholly-owned subsidiary of the Company) transferred its 100% equity interest in Attrix Technology Pte Ltd to Unified Communications Sdn Bhd (a wholly-owned subsidiary of the Company) for a consideration of \$1.
- (b) On 13 January 2009, the Company has received the Certificate of Incorporation of Private Company for the incorporation of a wholly-owned subsidiary, Unified Communications (OSS) Sdn Bhd ("UC-OSS") in Malaysia with an authorised share capital of RM100,000 and paid-up capital of RM100. The Company subscribed for a total of 100 new ordinary shares of RM1 each in UC-OSS, representing 100% equity interest in UC-OSS at par.

The said subscription for RM100 (approximately \$40) was financed by internally generated funds. Pursuant to the Group's internal reorganisation, UC-OSS will be the immediate holding company of GlobeOSS Sdn Bhd, currently a 51%-owned subsidiary of Unified Communications Sdn Bhd (a wholly-owned subsidiary of the Company).

- (c) On 13 January 2009, the Company has received the Certificate of Incorporation of Private Company for the incorporation of a wholly-owned subsidiary, Unified Communications (OHQ) Sdn Bhd ("UC-OHQ") in Malaysia with an authorised share capital of RM100,000 and paid-up capital of RM100. The Company subscribed for a total of 100 new ordinary shares of RM1 each in UC-OHQ, representing 100% equity interest in UC-OHQ at par. The said subscription for RM100 (approximately \$40) was financed by internally generated funds.
- (d) On 15 January 2009, UCPL has received the Certificate of Incorporation of Private Company dated 12 January 2009 for the incorporation of a wholly-owned subsidiary, Unified Communications (VAS) Sdn Bhd ("UC-VAS") in Malaysia with an authorised share capital of RM100,000 and paid-up capital of RM100.

UCPL subscribed for a total of 100 new ordinary shares of RM1 each in UC-VAS, representing 100% equity interest in UC-VAS at par. The said subscription for RM100 (approximately \$40) was financed by internally generated funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

34. Significant events subsequent to balance sheet date (Continued)

- (e) On 12 February 2009, Unified Communications Sdn Bhd, a wholly-owned subsidiary of the Company, transferred its 51% equity interest in GlobeOSS Sdn Bhd to Unified Communications (OSS) Sdn Bhd, a wholly-owned subsidiary company of the Company, for consideration of RM236,573 (approximately \$99,000).

35. Change of registered address

With effect from 3 December 2008, the Company changed its registered address to 168, Jalan Bukit Merah, Connection 1, Tower 3, #04-08A, Singapore 150168.

STATISTICS OF SHAREHOLDINGS

AS AT 19 MARCH 2009

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	5	0.24	1,148	0.00
1,000 - 10,000	913	44.49	6,562,269	2.05
10,001 - 1,000,000	1,117	54.44	59,024,000	18.47
1,000,001 and above	17	0.83	253,985,258	79.48
TOTAL	2,052	100.00	319,572,675	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	RHB Bank Nominees Pte Ltd	82,200,000	25.72
2	Westcomb Securities Pte Ltd	63,400,000	19.84
3	Worldwide Matrix Sdn Bhd	44,722,939	13.99
4	CIMB Bank Nominees (S) Sdn Bhd	19,034,329	5.96
5	DMG & Partners Securities Pte Ltd	9,054,000	2.83
6	HSBC (Singapore) Nominees Pte Ltd	8,790,000	2.75
7	OCBC Securities Private Ltd	4,561,000	1.43
8	Phillip Securities Pte Ltd	4,020,990	1.26
9	CIMB-GK Securities Pte. Ltd.	3,307,000	1.03
10	DBS Nominees Pte Ltd	2,499,000	0.78
11	DBS Vickers Securities (S) Pte Ltd	2,313,000	0.72
12	Ong Yeng Tian @ Ong Weng Tian or Teh Guat Bee	2,034,000	0.64
13	UOB Kay Hian Pte Ltd	1,936,000	0.61
14	Citibank Consumer Nominees Pte Ltd	1,933,000	0.60
15	United Overseas Bank Nominees Pte Ltd	1,712,000	0.54
16	Merrill Lynch (S'pore) Pte Ltd	1,288,000	0.40
17	OCBC Nominees Singapore Pte Ltd	1,180,000	0.37
18	Ng Wang @ Ng Chiang Chin	955,000	0.30
19	HL Bank Nominees (S) Pte Ltd	871,000	0.27
20	Chiew Chee Wei	603,000	0.19
	TOTAL	256,414,258	80.23

SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of Shares
1	Worldwide Matrix Sdn Bhd	186,322,939 ^(a)
2	Wong Tze Leng	19,034,329

^(a) Advance Synergy Berhad is deemed to be interested in the shares held by Worldwide Matrix Sdn Bhd by virtue of its shareholdings in Worldwide Matrix Sdn Bhd.

Based on the information available to the Company as at 19 March 2009, approximately 36% of the issued ordinary shares of the Company is held by the public. Therefore Rule 723 of the Listing Manual issued by Singapore Exchange Securities Trading Limited has been complied with by the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Copthorne King's Hotel Singapore, 403 Havelock Road, Singapore 169632, Duke Room, Level 2 on Wednesday, 29 April 2009 at 3.00 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2008 and the Reports of Directors and Auditors thereon. **Resolution 1**
2. To approve the Directors' Fees of \$86,000 for the financial year ended 31 December 2008. **Resolution 2**
3. To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:-

 - (a) Ms Lee Su Nie **Resolution 3**
 - (b) Mr Wong Tze Leng **Resolution 4**

(See Explanatory Note 1)
4. To re-appoint BDO Raffles as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following with or without modifications:-

Ordinary Resolutions

5. **Authority to allot and issue shares**

 - (a) "That, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing manual of Singapore Exchange Securities Trading Limited (SGX-ST), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
 - (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:

 - (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior shareholders' approval is required under the Listing Rules, an issue of treasury shares will not require further shareholders' approval and will not be included in the aforementioned limits.

NOTICE OF ANNUAL GENERAL MEETING

5. **Authority to allot and issue shares** (Continued)

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of shares excluding treasury shares at the time this resolution is passed, after adjusting for;

- a) new shares arising from the conversion or exercise of convertible securities, or
- b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST, and
- c) any subsequent consolidation or subdivision of the Company's shares, and
 - (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (See *Explanatory Note 2*)

6. To transact any other business which may properly be transacted at an Annual General Meeting.

Dated this 14th day of April 2009.

By Order of the Board

Toon Choi Fan
Company Secretary

Explanatory Notes:-

1. The ordinary resolution in item 3 is to re-elect the retiring Directors pursuant to Article 103 of the Company's Articles of Association:-
 - (a) Ms Lee Su Nie will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman and a member of the Audit, Nominating and Remuneration Committees.
 - (b) Mr Wong Tze Leng will, upon re-election as a Director of the Company, remain as the Chief Executive Officer.
2. The ordinary resolution in item 5 if passed will empower the Directors of the Company from the date of this Meeting until the next Annual General Meeting to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed 50 percent of the issued share capital of the Company at the time of passing this resolution. For issue of shares and convertible securities other than on a pro-rata basis to all shareholders the aggregate number of shares to be issued shall not exceed 20 percent of the issued share capital of the Company, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:-

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies in his/her stead.
2. A proxy need not be a member of the Company.
3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 168, Jalan Bukit Merah Connection 1, Tower 3, #04-08A, Singapore 150168 not later than 48 hours before the time appointed for the Meeting.

Important:

1. For investors who have used their CPF monies to buy Unified Communications Holdings Limited's shares, this Annual Report 2008 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

UNIFIED COMMUNICATIONS HOLDINGS LIMITED

(Company Registration No. 200211129W)
(Incorporated in the Republic of Singapore)

PROXY FORM

I/We _____ (Name) _____ NRIC No./Passport

No./Company Registration No. _____ of _____

_____ (Address)

being a member/members of UNIFIED COMMUNICATIONS HOLDINGS LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

* and/ or

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as *my/our proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Copthorne King's Hotel Singapore, 403 Havelock Road, Singapore 169632, Duke Room, Level 2 on Wednesday, 29 April 2009 at 3.00 p.m. and at any adjournment thereof.

* I/We direct *my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the * proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	Resolution No.	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2008 and the Reports of Directors and Auditors thereon.	Resolution 1		
2.	To approve the Directors' Fees of \$86,000 for the financial year ended 31 December 2008.	Resolution 2		
3.	To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:- (a) Ms Lee Su Nie (b) Mr Wong Tze Leng	Resolution 3 Resolution 4		
4.	To re-appoint BDO Raffles as auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 5		
5.	To authorise Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50.	Resolution 6		

Dated this _____ day of _____ 2009

Total Number of Shares Held

Signature(s) of Member(s)/ Common Seal

* Please delete accordingly.

Proxy Form

UNIFIED COMMUNICATIONS HOLDINGS LIMITED

(Company Registration No. 200211129W)

(Incorporated in the Republic of Singapore)

Notes :-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he/she shall specify the proportion of his/ her shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 168, Jalan Bukit Merah Connection 1, Tower 3, #04-08A, Singapore 150168 not later than 48 hours before the time appointed for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he/she should insert that number of shares. If the member has shares entered in his/her name in the Register of Members of the Company, he/she should insert the number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his/her name in the Register of Members of the Company, he/she should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 48 hours before the time appointed for the Annual General Meeting.

UCHL

unified communications holdings limited

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