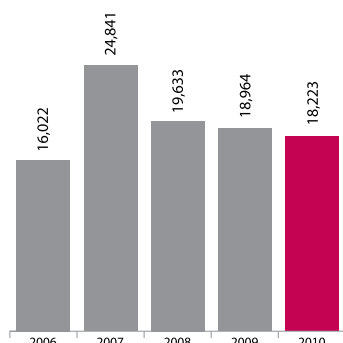




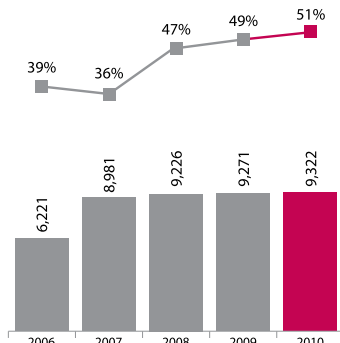
Annual Report 2010

Financial Highlights

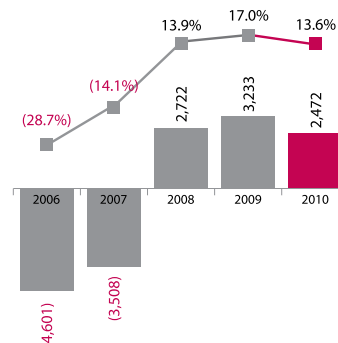
Revenue (\$'000)



Gross Profit (\$'000) & Gross Profit Margin (%)



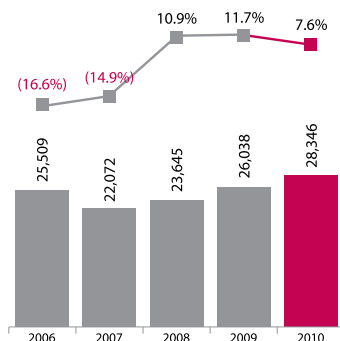
Net Profit (\$'000) & Net Profit Margin (%)



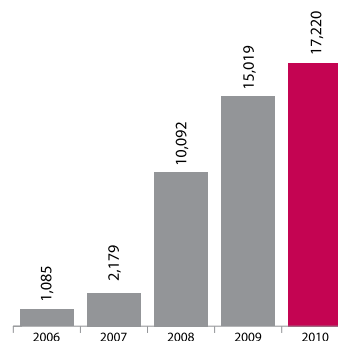
EBITDA/(LBITDA) (\$'000)



Shareholders' Equity (\$'000) & Return on Equity (%)



Cash & Cash Equivalents (\$'000)



Consolidated Income Statement Data

(In S\$'000, except per-share amounts)

Years ended 31 Dec	2006	2007	2008	2009	2010
Revenue	16,022	24,841	19,633	18,964	18,223
Gross profit	6,221	8,981	9,226	9,271	9,322
Total operating expenses	11,411	13,679	9,266	8,020	9,188
EBITDA/(LBITDA)	(1,907)	(669)	4,731	4,536	3,585
Profit/(loss) before income tax	(4,498)	(3,227)	2,733	3,287	2,801
Net profit/(loss)	(4,601)	(3,508)	2,722	3,233	2,472
Basic earnings per share (cents)	(1.45)	(1.11)	0.78	0.91	0.65

Consolidated Balance Sheet Data

(In S\$'000, except per-share amounts)

As at 31 Dec	2006	2007	2008	2009	2010
Total assets	32,584	36,514	33,020	34,810	35,670
Working capital	12,411	14,241	18,234	16,490	18,151
Cash & cash equivalents	1,085	2,179	10,092	15,019	17,220
Borrowings	414	176	109	10	-
Shareholders' equity	25,509	22,072	23,645	26,038	28,346
Net asset value per ordinary share (cents)	8.03	6.91	7.40	8.15	8.87

Leave It to Us To Deliver Solutions for Performance Optimisation

At the Unifiedcomms Group we have eight solutions to offer to mobile network operators and integrated telecoms service providers. Each solution addresses a specific business optimisation problem. Our solutions comprise two components: first, a technical component made up of one or several Unifiedcomms software products and professional services, and secondly, a commercial component that allows our customers to elect the most suitable business model for obtaining our technical solution component - either on an outright purchase, managed service, or pay-per-use/ pay-as-you-go model.



Voice Revenue Optimisation

Helps mobile telecoms network operators to recapture lost revenue opportunities from voice calls by improving call completion.



Mobile Media Service Delivery

Helps mobile telecoms network operators to deliver convenient and immediate access to information, entertainment and social media (location) content to mobile subscribers.



Roaming Revenue Optimisation

Maximises voice call and SMS revenues generated from roaming subscribers by capturing highly profitable international roaming voice call and SMS transaction traffic.



Interactive Mobile Marketing and Advertising

Allows mobile telecoms network operators to further enhance and optimise revenue generation of their assets by turning to marketing and advertising enterprises as a new source of revenue.



Subscriber Service Personalisation

Allows mobile telecoms network operators to introduce new revenue-generating services over and above voice calls and SMS to further augment and optimise their average revenue per user (ARPU)



Subscriber Service Access Optimisation

Improves the speed of customer care by providing automated, easy-to-use and cost-efficient modes of access to mobile telecoms services.



Service Analytics and Service Lifecycle Management

Contains tools to obtain accurate, detailed and timely data and information on service quality and performance to allow mobile telecoms network operators to make optimal decisions on infrastructure investment, fault diagnostics and resource allocation.



Service Assurance and Service Quality Management

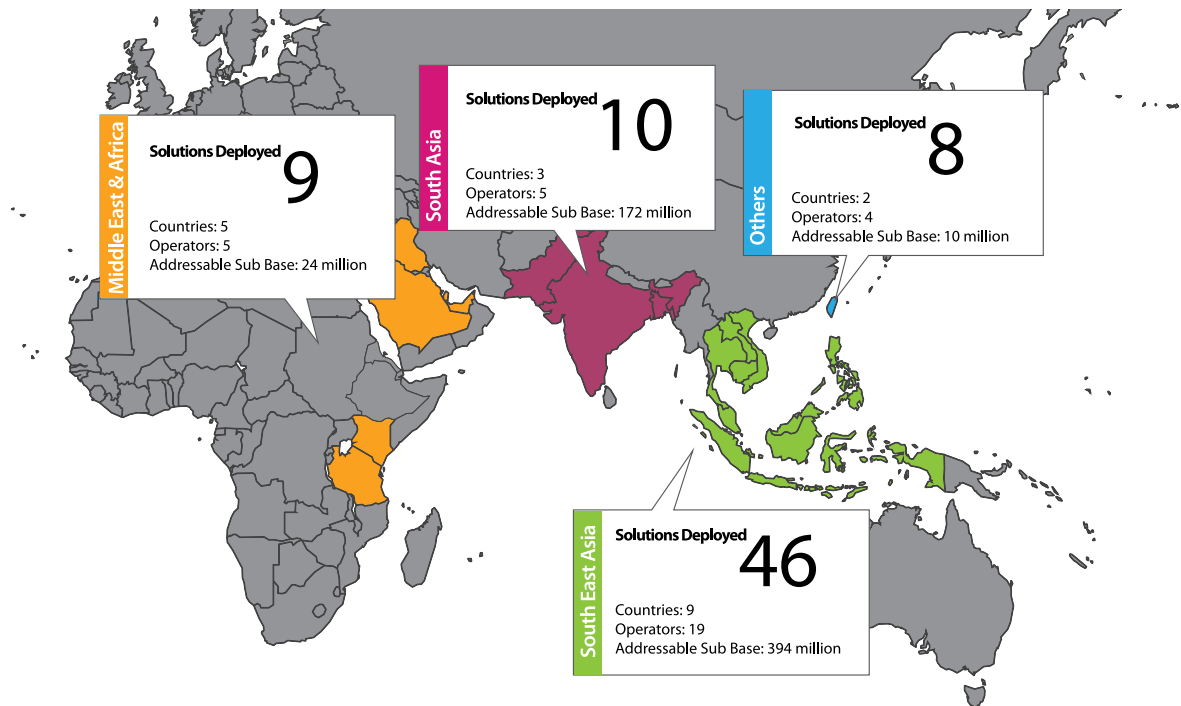
Carries out fine-tooth-comb data mining and analysis for mobile telecoms network operators to craft and quickly implement new marketing plans and strategies to extract maximum performance from each individual service.

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Solution Deployment Footprint 2010

Growing with Our Customers



“By the end of the 2010 financial year

we had grown our footprint of solution deployments to **73** solutions implemented in **33** mobile network operators and integrated telecom service providers in **19** countries around the world. A good number of our solutions have grown in tandem with our customers, whom by end-2010 had amassed a combined base of some **600** million subscribers...”

Wong Tze Leng, Group Executive Chairman

Annual Report 2010

A Letter from the Chairman

Dear Unifiedcomms Shareholder:

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 2010.

Our Group entered the 2010 financial year on a strong footing, having had two profitable years behind us as well as significant improvements in both net profit and operating cash flow. With the increased investment made in product research and development since 2008, the strengthening of our organizational capabilities and an encouraging sales funnel for our Group by the end of 2009, we were certainly optimistic about 2010. Within grasp was a third consecutive year of positive bottom-line performance, and the opportunity to further extend the uptrend for both our net profit and operating cash flow results.

A good year for two of our businesses

The year ultimately proved to be a good one for two of our business units. Our mobile technologies business (TECH BU) and operation support systems business (OSS BU) delivered good revenue and profit growth. TECH BU turned in revenue of S\$6.5 million for 2010, up 22% against S\$5.3 million achieved the year before. Similarly, OSS BU continued on its growth path and delivered revenue of S\$7.2 million for the year, up 11% against S\$6.5 million of 2009. These two businesses combined, delivered an improvement S\$1.9 million in revenue as compared to the year before. In terms of pre-tax profit contribution, these two businesses generated a S\$1.2 million or 39% increase in pre-tax profit contribution compared to 2009.

Growing with our customers - especially in South East Asia this year

When I look back to the beginnings of our Group, when we had only a handful of customers utilising our VoIP and prepaid calling-card solutions, and compare it to where we are now, it is clear that we have come a very long way. By the end of the 2010 financial year, we had grown our footprint of solution deployments to 73 solutions implemented in 33 mobile network operators and integrated telecom service providers in 19 countries around the world. A good number of the systems at the heart of our solutions have grown in tandem with our customers, whom by end-2010 had amassed a combined base of some 600 million subscribers. The continued penetration and growth of spending on mobile telecommunications services in

our regions of focus – South East Asia, South Asia and Middle East and Africa – has certainly benefited both TECH BU and OSS BU in 2010, where the demands of growing communications traffic and an even larger base of active subscribers to address and manage translated to increased demand for enhanced solutions and system capacity expansions.

A not so fortunate year for another

Unfortunately for our mobile value-added-services business (VAS BU), 2010 turned out to be a disappointing financial year. Revenue fell by 37%, from S\$7.2 million in 2009 to S\$4.5 million in 2010. Quite a number of system-sale opportunities in the VAS BU sales funnel suffered slower than expected progression or faced unexpected and last minute obstacles, contributing significantly to the drop in revenue realized in 2010. The bulk of these affected sales opportunities were in the Middle East and Africa, a region that accounted for the lion's share of VAS BU revenue in 2009. In addition, the managed service revenues (including income generated from revenue sharing-based contracts) of this business unit was also affected due to unfortunate incidents in South Asia where extended periods of service interruption beyond our control impacted on revenue generation for several solutions. Within the same region substantial impairment provisions were also made for certain managed service contracts that have been reassessed and were now expected to produce lower than anticipated profitability and returns. The twin impact of a substantial decrease in revenue from both system-sale and managed service contracts, coupled with the significant increase in expenses due primarily to the impairment provisions on investments in certain managed service contracts that amount to S\$1.2 million, resulted in VAS BU slipping into a pre-tax loss of S\$0.8 million for 2010.

We didn't manage to extend the uptrend in profit but delivered our third consecutive year of profitability

This disappointing financial performance of VAS BU in 2010 had more than offset the improved performance of TECH BU and OSS BU for the year. Group consolidated revenue as a result fell 4% to S\$18.2 million versus S\$19.0 million in 2009. In spite of the lower revenue achieved for 2010, we maintained Group gross profit at S\$9.3 million, the same level as 2009, courtesy of a more favourable sales mix - comprising a higher proportion of software licence fee revenue - that drove our gross profit margin up to 51% from 49% in 2009. Our EBITDA (earnings before interest tax depreciation and amortisation) meanwhile dropped to S\$3.6 million

Annual Report 2010

A Letter from the Chairman

in 2010 as compared to S\$4.5 million in 2009, in tandem with net profit which decreased to S\$2.5 million in 2010 from S\$3.2 million in 2009, and profit attributable to shareholders which also was lower at S\$2.1 million in 2010 as compared to S\$2.9 million in 2009. The effect of the impairment provisions at VAS BU for certain managed service contracts was without a doubt an unfortunate and significant dampener on our Group's net profit for 2010 – it had effectively increased total operating expenses of our Group by 15% compared to 2009. Excluding the effect of this S\$1.2 million provision, our underlying businesses would have produced a sizeable improvement in net profit in 2010 rather than a decline against our 2009 results. The tribulations of VAS BU in 2010 and their impact on our Group net profit aside, I am very pleased that our Group ended the 2010 financial year with a positive net profit result, marking it the third consecutive full year of positive net profit since 2008. This is a significant milestone given our status as an SGX Watch List company and given that we have opted to meet the alternative criteria for removal from the Watch List. I will touch on the subject of the progress we have made in our bid to be removed from the Watch List a little later.

Managed service contracts are key investments in future growth and not without risks

Even though we had to take in a sizeable impairment provision for certain managed service contracts in 2010, I do not think that this means we should withdraw from future managed service opportunities or abandon our long-held strategy to grow managed service-contract based recurring revenues to secure steady, sustained revenue and profit growth for our Group. Future growth opportunities will increasingly come under this business model, as increasingly more of our customers switch their preference from a capex to opex model for procuring technology solutions. We should also expect to have some managed service contracts outperforming against expectations while others may underperform. The majority of the managed service contracts (which include those that are of revenue-sharing nature) we have to-date are yielding good profits and some are exceeding expectations significantly. The key to ensure sustained and steady growth in revenue as well as profit contribution from managed service contracts – and to minimize the impact on overall Group results of any future impairment provisions on investments in managed service contracts - lies in ensuring that for one, we secure the benefit of portfolio diversification. This means aggregating a larger number of contracts so the impact of one or a handful of underperforming contracts or contract losses is minimized or capable

of being offset by outperformers in the portfolio of contracts. To this end we had made further headway in 2010, to secure several more managed service contracts in South East Asia and South Asia to bulk up our portfolio. Apart from more aggressively enlarging and diversifying our contract portfolio, what we will further do in 2011 is reduce the maximum investment limit for each contract to curtail the magnitude of potential impairment provisions or losses for an underperforming contract, as well as invest in further innovation to reduce the total cost of the technical solution required to deliver and fulfill these contracts.

To deliver improvement in ROE by augmenting organic growth with growth by acquisition

Due to the lower net profit result delivered in 2010, our return on shareholders' equity (ROE) for the year fell to 7.6% - well below the 11.7% achieved in 2009, and 10.9% in 2008. When we completed the 2009 financial year, our plans aimed at further extending in 2010 the uptrend in not only net profit, but also ROE. We carried out a review of the capital requirements of our existing business' growth and investment plans and determined that the cash reserves we had by end-2009 of S\$15.0 million could amply support a strategy to deliver higher ROE through not only organic growth, but also growth by acquisition and strategic investment. This strategy was pursued in earnest in 2010. However we were unable to complete any suitable acquisition or strategic investment during the year, other than an investment in an income-yielding property in Plaza Sentral, Kuala Lumpur, which was undertaken to maximize the yield on our liquid assets until suitable acquisitions or strategic investments are found and made. The acquisition of this investment property was completed late in January 2011 and will start to meaningfully contribute to our Group results in 2011.

Two key milestones: record cash balances and making our first dividend payment

Apart from this property acquisition, our investments in 2010 were confined to reinvestment in our existing businesses for product development as well as in assets to support the fulfillment of new managed service contracts. As a result, we ended the 2010 financial year with an even stronger balance sheet: zero borrowings and higher cash and equivalents of S\$17.2 million as compared to S\$15.0 million in 2009. This was also after achieving another milestone for our Group – of declaring and paying to shareholders our first dividend. We had on 24 September 2010, paid a tax-exempt interim dividend of 0.1 Singapore Cents per share. In

Annual Report 2010

A Letter from the Chairman

light of the anticipated capital requirements of our Group's growth and development strategy, no further and final dividend payment has been recommended by our Directors for the financial year ended 31 December 2010.

Application to SGX for removal from the Watch List

With the 2010 financial year being our third consecutive year of profitability and the pre-tax profit of our Group for the last three financial years ended 31 December 2010 totaling S\$8.8 million, I am pleased to report that we have successfully met the alternative Watch List exit criteria pursuant to the Rule 1314 of the Listing Rules of the Singapore Exchange (SGX). This alternative exit criteria which we had been aiming to fulfill in order to apply for removal from the Watch List, involves the achievement of a minimum cumulative pre-tax profit of S\$7.5 million over three consecutive financial years of pre-tax profitability. As announced on 28 February 2011, we have been advised by SGX that our application will be reviewed when the audited financial statements of our Group for the year ended 31 December 2010 are issued. We will be submitting the application for our Group's removal from the Watch List under Listing Rule 1314(2) at the latest by end-April 2011, following the forthcoming Annual General Meeting.

Finally, my gratitude to the men and women of Unifiedcomms Group for another year of achievement

2010 was not a year without its challenges for our Group. Across our three market-facing business units, each had their own challenges to face and opportunities to address in order to deliver what I think has been, on balance, another year of achievement for our Group. These challenges were overcome and opportunities seized through the persistent effort and ingenuity of our people. To the talented and spirited men and women of the Unifiedcomms Group, I extend my deepest gratitude for your continued commitment, passion and fortitude, without which the results of 2010 would not have been possible. I look forward to continuing to work together with all of you to drive our business onwards and further upwards.

Wong Tze Leng

Group Executive Chairman

29 March 2011

2010 Year in Review

From the Chief Executive's Desk

Dear Unifiedcomms Shareholder:

It gives me a great pleasure to present to you my review of operations and financial results for our Group for the 2010 financial year.

An overview of our business

Our Group provides mobile telecommunications network operators and integrated telecommunications service providers with business-focused solutions that optimise performance in specific areas of their operations. At the core of these performance optimisation solutions are our Group's proprietary software application products, platforms and technology systems.

We operate primarily within three regions of focus: South East Asia (SEA), South Asia (SA) and Middle East and Africa (MEA). With the exception of Malaysia, Singapore, Pakistan and Hong Kong, where engagement with the customer is conducted directly by our own personnel, the majority of our engagements with customers are carried out through various sales channel partners. This two-tier sales and distribution approach enables us to cost-effectively reach customers within each region of focus and to tap into the local knowledge and insights of our partners to build and deliver compelling solutions.

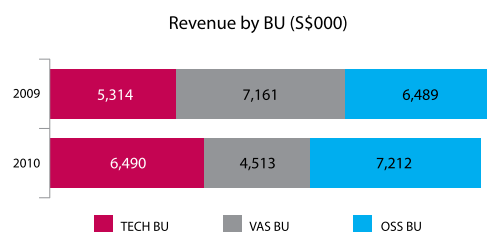
We currently offer eight solutions that each address a specific business optimisation problem of the mobile telecommunications network operator and integrated telecommunications service provider. Each solution comprises a technical component made up of one or several of our software products plus professional services for their adaptation and implementation, and a commercial component that allows election of the most suitable business model for our customers' needs, ranging from an outright purchase model to a managed service, revenue-sharing and pay-per-use/pay-as-you-go model.

As at end 2010, we had a total of 188 people employed at all our subsidiaries. This number of course excludes the headcount of jointly-controlled entities and associate companies. The majority of our 188 personnel are located in Malaysia, where our operational headquarters is situated, while the remainder work out of Singapore, Pakistan, Hong Kong and Thailand.

Our business is currently organised into 3 market-facing business units – a Mobile Technology Business Unit (TECH BU), a Mobile Value-Added-Services Business Unit (VAS BU) and an Operation Support Systems Business Unit (OSS BU). In addition, we have an Operational Headquarters Business Unit (OHQ BU) which is not market-facing but serves as shared resource hub that provides a variety of front and back-office support services to our three market-facing business units.

A resoundingly positive year for two out of three

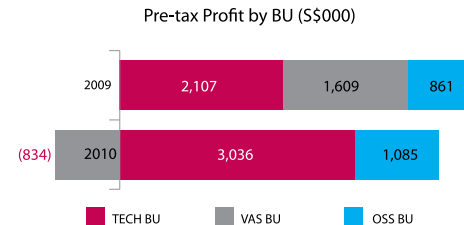
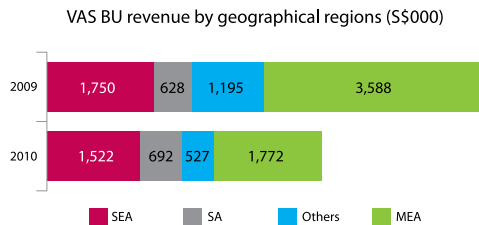
The 2010 financial year was a positive one for our TECH and OSS BUs, both of which delivered double-digit growth on their 2009 revenues. TECH BU added 22% to 2009 revenues, ending the year with topline of S\$6.5 million while OSS BU ended 11% up on the year before by closing the year with S\$7.2 million in revenue. VAS BU however did not share the same fortunes, as the financial year turned out to be a rather dismal one compared to 2009. VAS revenue in 2010 declined sharply by 37% to S\$4.5 million, versus the S\$7.2 million delivered the year before.



In 2009, our VAS BU had benefited from the conversion of substantial system-sale contract opportunities secured in the MEA region. This has historically been the predominant contract type for opportunities in this region, so when VAS BU was faced with slower than expected progress in converting sales opportunities and confronted by unexpected, last minute obstacles to progressing or completing secured projects in MEA this year, system-sale contract related revenues were hard hit. VAS BU revenue from MEA dropped 51% to S\$1.8 million from S\$3.6 million the year before. This in turn, severely affected VAS BU total revenue for the year. VAS BU sales results from all other regions were also softer in 2010 and although most of their declines were much lesser in magnitude, they did nothing but further add to the adverse effect of the slump in MEA sales on overall VAS BU financial performance.

2010 Year in Review

From the Chief Executive's Desk



A year of adversity for the third

We had actually entered 2010 with great expectations for VAS BU, given the promising sales funnel for both system-sale and managed service (including those of a revenue-sharing nature) contract opportunities. The distraction and perhaps uncertainty even, brought about by merger and acquisition activity we saw in the mobile telecommunications network operator space in MEA during the year, as well as increased conservatism on capex spending seemed to have had an impact on the pace of progress for both existing and prospective system-sale projects in this region in 2010. Meanwhile several managed service contracts secured earlier in SA in 2008 and 2009 and that were expected to be in full-fledged operation by 2010, and that were to be sizeable contributors to VAS BU revenue and profit growth, rather than outperform against our expectations, significantly underperformed. We had also suffered the unexpected discontinuation of one revenue-sharing based managed service contract in SA that had been providing handsome returns.

Combining these factors with the incidence of extended service interruptions for several other managed service contracts – also within SA – caused by factors beyond our control, overall managed services revenue realized by our VAS BU for the 2010 financial year proved a disappointment. Amplifying the various adverse revenue outcomes for the year were the impairment provisions that also had to be made - amounting to S\$1.2 million - for certain managed service contracts that were reassessed at year-end and determined to be unlikely to be as profitable as originally expected. These provisions were a significant drag on the profit before tax contribution of VAS BU - causing this business unit to slip into a loss before tax position of S\$0.8 million for 2010 as compared to a profit before tax of S\$1.6 million the year before.

Are managed services still the way to go?

So does the multitude of these adverse outcomes, and to some extent, misfortune suffered by our VAS BU in the 2010 financial year in relation to several of its managed service contracts, mean that we should reconsider our strategy to build a larger base of revenues of a recurring nature by securing a greater number of managed service-type opportunities? On this I echo the sentiments of our Group Executive Chairman, in my belief that the key to securing steady and sustained growth in revenue and profits for our Group lies in managed service contracts, and in ensuring we have a large enough portfolio of such contracts to allow for the impact of one or a handful of underperformers to be diversified away by the outperformers. Opportunities that are clearly growing in number across all markets within our regions of focus involve the managed service business model, reflecting the increasing interest and preference of customers in procuring their solutions in this manner. I believe that this way of doing business is here to stay and will further increase in prominence across all regions. With that said, I certainly do not think that this is a bad thing for us. The majority of the managed service contracts we have undertaken to-date, including those at TECH BU and OSS BU have been profitable and had performed well within, if not beyond, our expectations.

Lessons learned

With the benefit of hindsight, what had clearly affected our VAS BU the most in 2010 was a degree of over-investment, as well as the more-aggressive-than-necessary service roll-out plans for certain managed service contracts. These miscalculations on our part have cost us dearly in 2010. I am however confident that with the measures we have since put in place, we are moving into 2011 with tighter investment policies for managed service contracts - measures that will ensure

2010 Year in Review

From the Chief Executive's Desk

that the potential adverse impact of underperforming contracts on our overall results is considerably reduced compared to what we suffered in 2010, including significantly lowering our maximum investment exposure to any one contract. In addition, we have adopted a significantly more conservative, incremental approach to reinvestment in system capacity expansion to meet growth in demand and system usage. Our continued research and development effort to deliver innovation – the sort that will allow us to further economise on the overall system investment needed to support a managed service contract - will also aid us in achieving the goal of minimizing the impact of underperforming contracts in future.

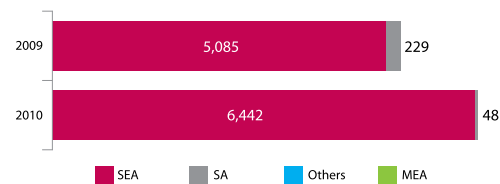
I believe it is important to note that these developments at VAS BU in 2010 have not been all bad. There were some clear benefits – although not of an immediate financial nature – that our VAS BU had gained from the managed service contracts in SA that were subject to the unfortunate impairment provisions. These contracts had helped us to progress more rapidly the enhancement of several of our proprietary software application and platform products. This, together with the exposure, experience and expertise obtained by our people from these contracts became significant factors in our success to secure other managed services opportunities in SEA during the 2010 financial year. I am optimistic that these new VAS BU contracts will develop into a significant source of recurring revenue and profit in the next few years, to complement the sizeable revenue and profit contribution being made by the managed service contracts of TECH BU.

A significant proportion of our TECH BU profit before tax of S\$3.0 million for the 2010 financial year is in fact, attributable to income generated from managed service contracts. What is a little different about the managed service contracts of TECH BU is that none at present are of a revenue-sharing nature, and as such, a little less subject to variation in performance as compared to those of VAS BU. This is in large part due to the nature of the solutions provided by TECH BU (and their underlying software products) – they do not lend themselves easily to a revenue-sharing approach, unlike VAS BU software products that enable subscriber service personalization applications such as Personalised Ring-Back Tone and Background Music.

Our home region remains the largest contributor to Group revenue and profits

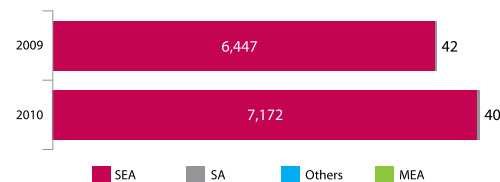
All of these managed service contracts, including a good number of maintenance and support contracts of TECH BU have all along been in the SEA region, as are the majority of its system-sale contracts. It is therefore not surprising that the dominant geographic theatre for revenue and income generated by TECH BU in the 2010 financial year remained to be SEA. Unlike the disappointing year suffered by VAS BU which relied somewhat more than any other business unit on the MEA and SA regions for growth, both TECH BU and OSS BU have continued to secure and deliver growth almost exclusively through opportunities in SEA.

TECH BU revenue by geographical regions (S\$000)



Our OSS BU had grown its revenue from S\$6.5 million in 2009 to S\$7.2 million for 2010 – all of which came from SEA given that this business unit has continued to focus exclusively on its high-growth home region. The growth experienced by OSS BU in 2010 was driven primarily by several large system-sale and system expansion contracts in SEA. The managed service contract revenues of OSS BU continued to show growth in 2010 but at a much less rapid clip compared to system-sale based revenues.

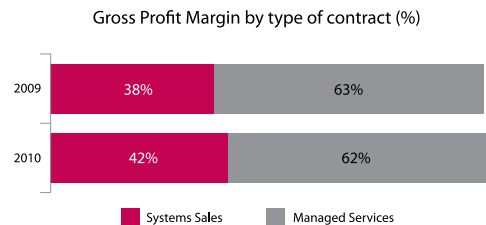
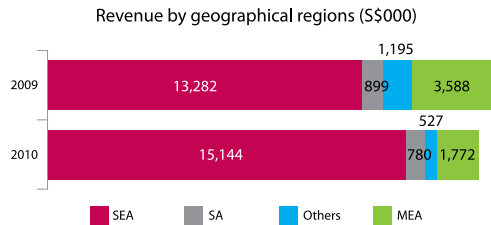
OSS BU revenue by geographical regions (S\$000)



Overall, our Group therefore counted SEA, our home region, as the largest geographic source of revenue and profit yet again. In the 2010 financial year, this significance was further underscored due to the substantial decline in VAS BU revenue from MEA, and revenue growth for the year being delivered only by TECH and OSS BU – both of which focus primarily on the SEA region. As a result, SEA accounted for 83% of Group revenue for 2010, up from 70% in 2009.

2010 Year in Review

From the Chief Executive's Desk



Welcome progress against plan on revenue type diversification: the growing significance of managed service revenues

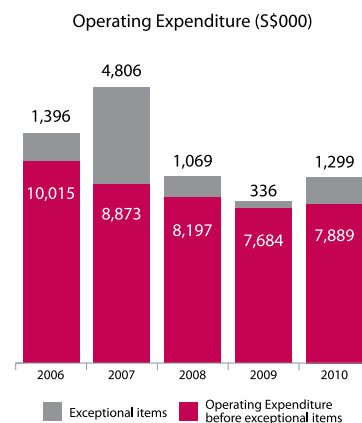
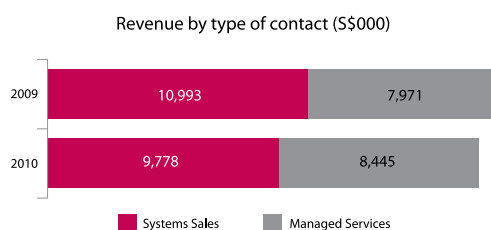
Overall our Group achieved consolidated revenue of S\$18.2 million for the 2010 financial year, a marginal decrease of 4% compared to 2009 revenue. We effectively had flat revenue growth in 2010 since the double-digit gains made by TECH BU and OSS BU against their 2009 numbers had been more than offset by the sharp decline in VAS BU revenue.

In terms of our progress in diversifying away and reducing the significance of lumpy system-sale contract based revenues, in 2010 our revenue mix by contract type showed some further improvement over 2009. The S\$8.4 million in managed service contract revenue for 2010 was not only 6% higher than the year before, but now accounts for 46% of Group revenue. By comparison, in 2009, managed service contract revenue of S\$8.0 million accounted for only 42% of Group revenue. Of course, this movement in sales mix was aided by the substantial fall in VAS BU system sale contract revenues in 2010 versus 2009. What we are continuing to work on though, is to deliver both total year-to-year revenue growth as well a sales mix where more than 50% of our revenue is derived from managed service contracts.

This improvement in gross profit margin is directly related to the change in sales mix we had in 2010. The higher proportional contribution of higher-margin managed service contracts to Group revenue allowed us to maintain 2010 Group gross profit at S\$9.3 million in spite of Group revenue being 4% lower in 2010.

Higher total opex this year but flat, if other expenses excluded

On a less favourable note, our operating expenditure for the year increased to S\$9.2 million as compared to S\$8.0 million in 2009. The main reason for the increase as mentioned earlier, are the one-off charges totaling S\$1.2 million in relation to impairment provisions on plant and equipment and development costs of certain managed service contracts of VAS BU that are now believed to be of lower than expected profitability and returns. Other than these impairment provisions, an increase in sales and distribution expenses of S\$0.2 million was recorded due to expansion of headcount in anticipation of growth, particularly for our OSS BU. During the year we also recorded a small net foreign exchange loss of S\$0.1 million as opposed to a net gain of S\$0.1 million in the previous year. Overall, excluding the effect of exceptional items, our opex for the year was only marginally higher at S\$7.9 million compared to S\$7.7 million for 2009.



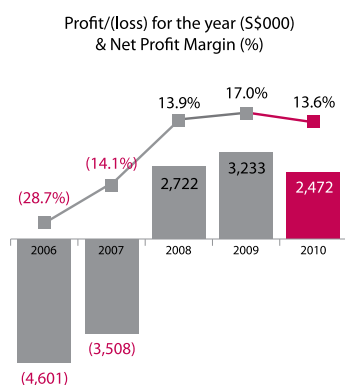
As a result of our 2010 sales mix comprising a greater proportion of managed service contract-type revenues, our Group gross profit margin for the year rose to 51%, up from 49% in 2009.

2010 Year in Review

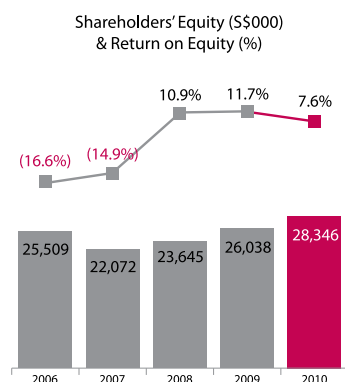
From the Chief Executive's Desk

Lower profitability and ROE in 2010

Group net profit for the year was S\$2.5 million, substantially lower than the S\$3.2 million achieved in 2009. Since our Group gross profit of S\$ 9.3 million this year was flat against last year, the bulk of the reduction in profit performance for the 2010 financial year is attributable to the large increase in total expenses, of which as mentioned earlier, S\$1.2 million relates to the exceptional item of impairment provisions on certain managed service contracts. As a result of this, from the perspective of our Group's profitability, we also suffered a decline in performance in 2010 with our net profit margin falling to 13.6% compared to 17.0% the year before.



Because of the lower profitability of our business in 2010, our Group's ROE for 2010 declined to 7.6% from the 11.7% achieved in 2009. This outcome for 2010 was certainly a disappointing one for our management team since we had expected to further extend in 2010, the uptrend we have delivered so far in Group ROE. Although we did not manage to do so this year, we did however achieve one significant milestone, which was to pay our first dividend of 0.1 Singapore Cents per share.



The second positive note we can draw from the results of this year is that we completed our third consecutive year in the black, and with sufficient cumulative profit before tax to meet the alternative criteria for removal from the SGX Watch List. On the subject of the submission to SGX of our application for removal from the Watch List, as already noted by our Group Executive Chairman in his letter to you, we are looking forward to submitting it as soon as our audited accounts are issued.

Driving profit growth organically and by acquisition

After a careful review of the growth plans of our existing businesses at end-2009, we determined that we had more than sufficient capital to augment organic growth with growth by acquisition and strategic investment. This was a key element of our renewed plan to drive further profit growth and to significantly uplift our ROE performance for 2010 and beyond. We were not able to complete any acquisitions or strategic investments in 2010, in spite of the considerable time and effort being dedicated to search and screen activities. What we did manage to secure in 2010 however, was an investment in an income-yielding property in MSC-status Plaza Sentral, Kuala Lumpur. This investment was made as a means to maximize the yield on our liquid assets until such time that suitable acquisitions or strategic investments are found and pursued to completion.

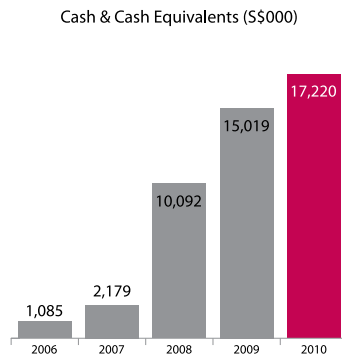
The acquisition of this investment property was completed in January 2011 and is expected to contribute to Group results in the 2011 financial year.

Reviewing our 2010 balance sheet positions

Now to turn to our Group's balance sheet as at the end of the 2010 financial year: we ended 2010 with marginally lower current assets of S\$24.4 million, as compared to S\$24.5 million as at end-2009. This can be attributed to the decrease in trade and other receivables - in large part due to continuous improvement in collection of receivables. The cash and cash equivalents balances of the Group had further improved to S\$17.2 million as at end-2010, compared to S\$15.0 million as at the end of the previous financial year.

2010 Year in Review

From the Chief Executive's Desk



Our total non-current assets increased by about S\$1.0 million in 2010, to close at S\$11.2 million as at 31 December 2010, compared to the balance of S\$10.3 million as at the end of the previous financial year. This increase is attributable to two factors: an increase in our intellectual property assets and an increase in the carrying amount for the investment in our associate company. The increase in intellectual property assets in 2010 is directly related to the further investment we made during the year in product development and product enhancement across all our business units. The increase in the carrying value of the investment in our associate company - which is also engaged in the mobile value-added-services market - is meanwhile attributable to the rise in our share of profit of this associate for the 2010 financial year.

Total liabilities of our Group as at 31 December 2010 decreased by S\$1.8 million or 22%, from S\$8.1 million as at 31 December 2009. The decrease in liabilities in 2010 had been due to the reduction in trade and other payables. In terms of debt, we remained debt free at the close of the 2010 financial year.

Reviewing movements in Group cash

Our Group's cash from operations for 2010 was S\$4.1 million, compared to S\$7.9 million in the preceding year. This decrease in cash from operations is mainly attributable to the decrease in our sales and the impact of this decline on the collections of receivables. Collections of our trade and other receivables were considerably higher in 2009 due to the higher receivables balances we had carried forward from 2008. Our operating cash flow before working capital changes for 2010 decreased to S\$3.5 million as compared to S\$3.8 million for 2009. This is due to our Group's lower profit before tax of S\$2.8 million in 2010 as compared to the profit before tax of S\$3.3 million achieved in 2009.

In terms of cash flows relating to investment and financing activities of our Group, in 2010 we did not have any of our capital directed towards acquisitions or strategic investment, other than in the Plaza Sentral, Kuala Lumpur property that I had made some remarks on earlier. In the main, we continued to invest in intellectual property - investing in the development and further enhancement of our software products - along with investment in the assets required to deliver on existing and newly secured managed service contracts. One cash outflow in 2010 that is linked to a significant milestone in the history of our Group was of course the payment of our inaugural dividend, in the third quarter of the year. This type of outflow is something that the management team and Directors of our Group will continue to work hard on securing as a regular feature of future years.

Discerning what the short term future holds

In last year's annual report, our current Group Executive Chairman, Wong Tze Leng, and I, described the trends in the mobile telecommunications markets that we had discerned and how these trends presented various growth opportunities for our Group. There were several simple strategies that we had developed to address these opportunities that were also shared with you in last year's report. Looking back through 2010, I find that these trends have not lost momentum or changed direction. In fact, some of these trends seemed to have progressed at an even faster pace than we expected in several countries within our regions of focus.

For one, the heat of competition in all our geographic theatres did not abate in 2010. We certainly expect it to further intensify in 2011, especially in the market segments occupied by the more mature software products of TECH BU and VAS BU. Apart from jostling with the traditional competitors of TECH and VAS BU - the various mobile messaging, signaling, roaming and value-added-services software companies from Korea, Hong Kong, India and Europe - I expect the weighing in of certain core network and switch equipment vendors into the market segments of these two business units of ours to become an even stronger competitive threat in 2011. For our TECH and VAS BUs, defending their market position in SEA will continue to be a top priority. Differentiation will be key. We have made plenty of further headway in 2010 to enhance the features and capabilities of the software products of these businesses and to further raise the quality and capacity of our Group's solution consulting, software

2010 Year in Review

From the Chief Executive's Desk

product development and service delivery functions – all of which are the differentiators that can ensure a satisfied customer continues to be satisfied and loyal.

Geopolitical issues contributing to what will be a challenging year ahead for two businesses

Apart from the contribution of existing long-standing managed service contracts, the bulk of revenues that are expected to be realized by TECH BU in 2011 through 2012 relate primarily to system-sale contracts driven by solution enhancement, system upgrade and system capacity expansion activities of our customers in the SEA region. There are a number of MEA opportunities in the TECH BU sales funnel, although their conversion to secured sales in 2011 is a very difficult matter to predict, given the worsening civil unrest and more news of political instability rippling through the region even as I write. The same applies for VAS BU in 2011, which continues to have MEA as a significant source of sales opportunities, especially for system-sale contract revenues. Some of the MEA system-sale contracts secured in 2010 and that have been delayed in implementation due to factors beyond our control will hopefully progress at a more rapid clip in 2011. I am also hopeful that the several newly implemented managed service contracts as well as the further new contracts that are expected to be secured by VAS BU in 2011 in both SA and SEA, will meet revenue and profit expectations. If this can be delivered, any slowdown in MEA caused by the turmoil especially in the Gulf and Levant states, can be somewhat offset. We have of course, been executing hard in the first quarter of 2011, to ensure as much as possible that these VAS BU managed service contracts deliver against expectations. All told, I expect 2011 to be a challenging year for these two BUs of ours.

Our OSS BU on the other hand, continued to further fill its sales funnel throughout 2010 and goes into the 2011 financial year with good prospects to extend the uptrend in both its top and bottom lines. The rapid growth of mobile data consumption – of the mobile broadband / mobile internet variety – across most of SEA, especially in Malaysia, Singapore, Indonesia and Brunei has certainly benefited this business of ours. More and more mobile telecommunications network operators have determined mobile broadband to be their medium term engine for growth. The popular adoption of mobile devices that have been optimized by design for mobile internet services – whether browser or client application based – such as the latest generation of smartphones and tablets, has driven the

need for solutions to manage quality of service for not only traditional core network voice and SMS traffic, but also IP traffic that was until recently the preserve of the fixed-line internet service provider. The unfolding of the mobile internet story in SEA certainly bodes well for our OSS BU in the short-to-medium term.

However, across our three business units there is a common challenge that I expect we will continue to face in 2011. This challenge I write of does not stem from the geographic or product market segments we face but rather the short-term challenges in the labour market. Recruitment challenges persisted in 2010 for the type of technical skills, experience and talent we require to fuel our growth and development plans. I expect this to persist further in 2011.

The somewhat mixed short-term picture aside, the outlook for our Group in the medium-term horizon of three years out from now looks positive. The sales cycle for solutions addressing mobile telecommunications network operators and integrated telecommunications service providers is well known to be long. Managed service contracts, including those of a revenue-sharing nature, which we will be more aggressively pursuing and aggregating in 2011, take three to nine months to implement and then require a further six to eighteen months to achieve meaningful run-rate revenues and profits. Therefore over the short-term, our portfolio of managed service contracts cannot be expected to be the primary driver for growth in our Group's revenue and profit.

Some of the newer software application and platform products that our VAS and TECH BUs have developed over the past two to three years to address the growing interest in mobile internet-driven value added services, mobile media services delivered on an advertisement-supported or advertisement-funded model, and interactive mobile marketing, seem to still be in the early stages of their lifecycle. This remains true in SEA, even more so for SA, and especially so for the MEA region. In some of the specific solution areas and product segments we have been targeting, I believe there exist considerable opportunities to consolidate what seem to be fragmented markets where there are no players large or dominant enough to benefit from scale economies. Given that the better-funded and relatively more established players in the mobile internet/mobile media/mobile marketing and advertising space in the Americas and Europe are also facing home markets that are still very much in the rapid growth phase, I believe we have a window of opportunity over the next

2010 Year in Review From the Chief Executive's Desk

twelve to twenty-four months to establish ourselves at least in SEA, as one of the most significant players in this next-generation of IP-driven mobile VAS and optimisation solutions. To achieve this outcome will certainly require a redoubling of efforts on executing our growth by acquisition and strategic investment strategy this coming year. Much of the groundwork has been carried out in 2010 and I am hopeful that we will find suitable candidates for acquisition or investment in the coming year.

This intensified effort to pursue growth by acquisition will of course be a complement to, rather than replacement of, our organic growth plans. To lead our drive to capture these new media and new VAS opportunities, we had formed within our VAS BU another market-facing mobile media and mobile content marketing services unit called 'Mobilization' that well-complements our platform and application technologies capabilities.

In gratitude to the entire Unifiedcomms team

In closing my report to you on the 2010 financial year, I would like to express my gratitude to all the dedicated, determined and talented people that make up the Unifiedcomms team across all our business units. Much, much hard work was put into 2010 to deliver innovation, satisfied customers and also to overcome what were tremendous challenges for many. Even though in financial terms we did not, as a Group, better our 2009 performance, I believe that in terms of making the best of what were unfortunate circumstances in some instances, our people collectively had topped their 2009 efforts. The new financial year is not going to be an easy one for the businesses our Group – but a year which challenges I am confident we can overcome and triumph over with gumption, ingenuity and teamwork.

Anton Syazi Ahmad Sebi
Group Executive Director & CEO

29 March 2011

CORPORATE INFORMATION

Board of Directors	:	Wong Tze Leng Anton Syazi Ahmad Sebi Chuah Seong Phaik Phuah Peng Hock Lee Su Nie	(Group Executive Chairman) (Group Executive Director and Chief Executive Officer) (Independent Director) (Independent Director) (Non-Independent Non-Executive Director)
Company secretaries	:	Toon Choi Fan, ACIS Chan Wan Mei, ACIS	
Registered office	:	168, Jalan Bukit Merah Connection 1, Tower 3 #04-08A, Singapore 150168	
Share registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	
Auditors	:	BDO LLP 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

Mr Wong Tze Leng

Group Executive Chairman

Mr Wong Tze Leng was appointed Executive Chairman of the Company and the Group on 10 August 2010. Mr Wong previously served as Group Chief Executive Officer, a position he held since 22 December 2002. He also currently serves as Head of the Mobile Technology Business Unit 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 Executive Director & CEO

Mr Anton Syazi Ahmad Sebi was appointed Chief Executive Officer of the Company and the Group on 10 August 2010. Mr Anton previously served as Group Deputy Chief Executive Officer, a role he held since December 2005, and was first appointed to the Board on 22 June 2006. He is also currently serving as Head of the Mobile Value-Added-Services (VAS) Business Unit of the Group and as General Manager – Corporate Development of Advance Synergy Berhad, the Group's ultimate holding company.

Prior to joining Advance Synergy Berhad in June 2001, Mr Anton was with the South East Asia Investment Banking Division of Credit Suisse First Boston. Mr Anton has been responsible for new business, corporate finance, risk management, legal, human resources and overall strategic planning at the Group prior to assuming his current role.

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.

Ms Lee Su Nie

Non-Independent Non-Executive Director

Ms Lee Su Nie has been a Non-Independent Non-Executive Director of the Company since 18 December 2003 and was a Non-Executive Chairman of the Company from 22 June 2006 to 10 August 2010. 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.

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.

BOARD OF DIRECTORS

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.

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

He 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.

KEY EXECUTIVE TEAM

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 include 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 PriceWaterhouseCoopers 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

General Manager, Group Corporate Development & Executive Director of Mobilization Business

Mr Ng Sai Kit joined the Group in October 2007 and was appointed to his current position in March 2011.

He works closely with the Group Executive Directors for new business, strategic planning, investments and for all corporate finance, corporate affairs and investor-relations related matters of the Group.

In October 2010, Mr Ng was further appointed as the Executive Director of Mobilization Sdn Bhd, a unit of the Company established to spearhead the Group's engagement in the growing markets for mobile media, mobile content and mobile marketing and advertising services.

Prior to joining the Group, Mr Ng accumulated 11 years of experience in audit and corporate finance, beginning with one of the largest property development groups in Malaysia in its group internal audit department. He then joined one of the top four audit assurance services groups in Malaysia. After gaining experience in audit and corporate advisory with the audit assurance services group, he worked for an investment bank and three Malaysia Stock Exchange 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

General Manager, Group Finance

Mr Danson Phang Deng Sheng joined the Group in May 2008 as Senior Manager of Group Finance and was appointed as General Manager, Group Finance in March 2011.

Prior to joining the Group, Mr Phang was Group Financial Controller of a Malaysia Stock Exchange listed enterprise engaged in the mobile value-added-services industry. Between 1999 and 2006, he gained comprehensive experience in audit, accounting and finance with a leading audit assurance services group, a Malaysia listed corporation in the construction industry and one of the world's largest automotive interiors groups.

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, United Kingdom.

KEY EXECUTIVE TEAM

Mr Yong Choon Vooi

General Manager, Group Service Delivery

Mr Yong Choon Vooi joined the Group in February 2008 and served as Senior Manager, Group Programme Management Office before being appointed General Manager, Group Service Delivery in March 2011. Mr Yong has more than 15 years of experience in the field of software development and project management. In his current capacity, he is responsible for programme and project management, technical system implementation and post implementation support/customer care functions of the Group.

Mr Yong started his career with a software development house of one of the largest Malaysian conglomerates as programmer, before joining a Malaysian Stock Exchange listed enterprise specialising in human resource management and financial/distribution software and thereafter, a large Malaysian education services 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 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 Wong Kok Choy

Senior Manager, Software Development

Mr Wong Kok Choy joined the Group in January 2003 and has a total of 10 years of experience in the field of software development and integration in the telecommunications network operator environment, specializing in mobile value-added-services (VAS). He is currently responsible for driving and overseeing the development of platform and application software products and systems of the Group.

Mr Wong started his career in 2001 with DiGi Telecommunications, one of the largest mobile telecommunication network operators in Malaysia focusing on operations, mediation and software development. He subsequently joined the Group in 2003 in a software development capacity, moving through various roles from solution architect through to team lead and manager roles before assuming his present position.

Mr Wong graduated with First Class Honours in Computing from Staffordshire University in 2001 and received the Staffordshire University School of Computing Prize for the Best Project by a Student of B.Sc (Hons) in Computing (Internet Technology).

Mr Loo Mun Chung

Senior Manager, Group Technical Implementation and Support

Mr Loo Mun Chung first joined the Group in 2001 as a telecommunications engineer and has progressed through the ranks to his current position. Mr Loo is responsible for leading the Group's telecommunications engineering specialists to deliver technical implementation and support services to our customers. These services include solution design and technical implementation support activities for all projects undertaken by the Group's TECH and VAS BUs.

Mr Loo graduated from Sheffield Hallam University in 2000 with a Bachelor of Electrical and Electronic Engineering (Hons) degree.

KEY EXECUTIVE TEAM

Mr Ann Wan Kuan

Chief Executive Officer of GlobeOSS Sdn Bhd

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

Operations Director of GlobeOSS Sdn Bhd

Mr Lim Peng Kwong currently serves as Operations Director of GlobeOSS Sdn Bhd. He joined GlobeOSS in January 2006 and was appointed to his current position in November 2007. He is responsible for the GlobeOSS' overall strategic technology direction in its managed services business. In addition, he also leads and supports the overall service delivery operations of GlobeOSS.

Mr Lim has more than 14 years of experience in the consumer durable, automobile and telecommunications industries. Prior to joining GlobeOSS, he was a co-founder of a Singapore-based company that provides unified messaging solutions to customers in Singapore, Korea, Taiwan, Malaysia, US, China and Hong Kong.

His experience spans the areas of software development; systems integration and system deployment in the information technology and telecommunications industries, with comprehensive domain knowledge specifically in OSS.

Mr Lim holds a Bachelor of Science degree in Information Technology from Campbell University USA, and a Diploma in Computer Science from Tunku Abdul Rahman College Malaysia.

Mr Darren Cheah Foo Choong

General Manager of Mobilization Sdn Bhd

Mr Darren Cheah joined Mobilization Sdn Bhd in June 2010 as General Manager and is responsible for the overall management of Mobilization business operations. He brings with him more than 10 years experience in the fields of retail marketing, general marketing and comprehensive expertise in content services marketing and management.

Mr Cheah started his career in 1996 in the advertising and promotions department of The Store and progressed to the position of Assistant Manager of their loyalty rewards programme. In 2004 he joined Unrealmind Interactive Berhad, a pioneer in the premium SMS business in Malaysia as Manager in the Advertising & Promotions department where he led and managed the advertising and promotion activities of the company's core products as well as the loyalty program. In 2006, Mr Cheah was with R&D Media Malaysia Sdn Bhd, a Dutch premium SMS business as their Regional Manager-Marketing and Content. He then progressed to the position of General Manager in 2008, reporting to the Group CEO based in Amsterdam before joining the Group in 2010.

Mr Cheah holds a Masters in Business Administration (MBA) degree from Nottingham Trent University.

Mr Lee Yang Dong

Chief Executive Officer of Ahead Mobile Sdn Bhd

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

Mr Lee has over 21 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.

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 Company and its subsidiaries ("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 Company 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 Meetings, 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 Group.

All newly appointed Directors will be given briefings by management on the history, business operations and corporate governance practices of the Company. 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.

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
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
Chuah Seong Phaik	4	3	4	3	1	1	1	1
Phuah Peng Hock	4	4	4	4	1	1	1	1
Lee Su Nie	4	4	4	4	1	1	1	1

(n.a.-not applicable)

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Balance

The Board currently comprises five (5) Directors, all of whom, except for the Executive Chairman and Chief Executive Officer (“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.

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 15 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

Mr Wong Tze Leng is the Executive Chairman of the Board and Mr Anton Syazi Ahmad Sebi is the 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 structure 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, Mr Wong 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 our 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.

CORPORATE GOVERNANCE REPORT

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 assent for the financial year.

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 informed 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 also keeps 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 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 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 Chairman, Mr Wong Tze Leng, is currently serving his service agreement which will be due for renewal by 19 December 2012 ("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.

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

CORPORATE GOVERNANCE REPORT

Table B: Bands of Directors' Remuneration		
Name of Directors	Remuneration Bands	
	Up to S\$250,000	S\$250,001 to S\$500,000
Wong Tze Leng	X ⁽¹⁾	
Anton Syazi Ahmad Sebi	X ⁽²⁾	
Chuah Seong Phaik	X ⁽³⁾	
Phuah Peng Hock	X ⁽³⁾	
Lee Su Nie	X ⁽³⁾⁽⁴⁾	
<p><i>Note:</i></p> <p>⁽¹⁾ Pursuant to prevailing Service Agreement that expires on 18 December 2012, Mr Wong Tze Leng's remuneration consists of fixed salary, performance bonus and benefits in kind.</p> <p>⁽²⁾ Mr Anton Syazi Ahmad Sebi's remuneration consists of fixed salary, allowance and performance bonus.</p> <p>⁽³⁾ The remuneration in the form of Directors' fees is subject to the approval by the shareholders at the forthcoming AGM.</p> <p>⁽⁴⁾ Fees are payable to Advance Synergy Berhad.</p>		

Remuneration of Key Executives

Details of remuneration paid to the top eleven (11) 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.

Table C: Remuneration Band of Key Executives		
Name	Remuneration Bands	
	Up to S\$250,000	S\$250,001 to S\$500,000
Ho Ting Sai	X	
Chin Wei Li	X	
Ng Sai Kit	X	
Phang Deng Sheng	X	
Yong Choon Vooi	X	
Tan Chai Aik	X	
Wong Kok Choy	X	
Loo Mun Chong	X	
Ann Wan Kuan	X	
Lim Peng Kwang	X	
Cheah Foo Choong	X	

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:

- 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;
- To review the Group's quarterly management reports and announcements before they are submitted to the Board for approval;
- 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);

CORPORATE GOVERNANCE REPORT

- (d) To review compliance with the Listing Manual and the Best Practices Guide of the 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. The introduction and training on whistle-blowing policy has been completed in the financial year ended 31 December 2009.

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.

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.

CORPORATE GOVERNANCE REPORT

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.

(c) 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 the 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, 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 74 to 79 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 person transactions for the financial year ended 31 December 2010, disclosed in accordance with Rule 907 of the SGX-ST's Listing Manual are 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.

CORPORATE GOVERNANCE REPORT

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)	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
AESBI Power Systems Sdn Bhd*	302	202	-	-
Orient Escape Travel Sdn Bhd#	56	119	-	-

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 2010 and the statement of financial position of the Company as at 31 December 2010 and the statement of changes in equity of the Company for the financial year ended 31 December 2010.

1. Directors

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

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

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:

Name of Directors and companies in which interests are held	Shareholdings registered in the name of Directors		Shareholdings in which Director is deemed to have an interest	
	At 1.1.2010	At 31.12.2010	At 1.1.2010	At 31.12.2010
<u>The Company</u>				
Unified Communications Holdings Limited (Ordinary shares)				
Wong Tze Leng	19,034,329	19,034,329	-	-
Anton Syazi Ahmad Sebi	1,450,000	2,800,000	-	-
Lee Su Nie	-	-	-	200,000
Chuah Seong Phaik	-	-	750,000	1,000,000
<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
(10-Year Irredeemable Convertible Unsecured Loan Stocks of RM0.15 each)				
Anton Syazi Ahmad Sebi	-	-	48,934,000	48,934,000
<u>Related corporation</u>				
Acrylic Synergy Sdn Bhd (Ordinary shares of RM1.00 each)				
Anton Syazi Ahmad Sebi	1	1	-	-

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 January 2011.

REPORT OF THE DIRECTORS

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 required to be 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 31 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 statement of financial position of the Company and the consolidated financial statements of the Group for the year ended 31 December 2010 before their submission to the Board of Directors, as well as the auditors' report on the statement of financial position 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.

REPORT OF THE DIRECTORS

6. Audit committee (Continued)

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

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 LLP be nominated for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

7. Independent Auditors

The auditors, BDO LLP, 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
29 March 2011

STATEMENT BY DIRECTORS

In the opinion of the Directors,

- (a) the accompanying consolidated financial statements of the Group, the statement of financial position 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 2010 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
29 March 2011

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UNIFIED COMMUNICATIONS HOLDINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Unified Communications Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows 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 information from pages 33 to 91.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UNIFIED COMMUNICATIONS HOLDINGS LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group, the statement of financial position 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 2010 and 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.

Report on Other Legal and Regulatory Requirements

In our opinion, 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 LLP

Public Accountants and
Certified Public Accountants

Singapore
29 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$'000	2009 \$'000
Revenue	4	18,223	18,964
Cost of sales		<u>(8,901)</u>	<u>(9,693)</u>
Gross profit		9,322	9,271
Other operating income	4	1,512	1,000
Expenses:			
Technical support expenses		(2,803)	(3,482)
Distribution costs		(1,874)	(1,689)
Administrative expenses		(2,425)	(1,887)
Other operating expenses	5	(2,086)	(962)
Finance costs	6	(1)	(2)
Share of profit from an equity-accounted associate		<u>1,156</u>	<u>1,038</u>
Profit before income tax	7	2,801	3,287
Income tax expense	9	(329)	(54)
Profit for the year		<u>2,472</u>	<u>3,233</u>
Other comprehensive income:			
Exchange difference on translating foreign operations	10	<u>566</u>	<u>(501)</u>
Total comprehensive income for the year		<u>3,038</u>	<u>2,732</u>
Profit attributable to:			
Owners of the Company		2,067	2,900
Non-controlling interest		<u>405</u>	<u>333</u>
		<u>2,472</u>	<u>3,233</u>
Total comprehensive income attributable to:			
Owners of the Company		2,628	2,393
Non-controlling interest		<u>410</u>	<u>339</u>
		<u>3,038</u>	<u>2,732</u>
Earnings per share for profit attributable to the owners of the Company (cents)			
Basic and Diluted	11	<u>0.65</u>	<u>0.91</u>

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
ASSETS					
Non-current assets					
Plant and equipment	12	3,799	3,905	-	-
Intangible assets	13	3,286	2,390	-	-
Investments in subsidiaries	14	-	-	32,734	32,734
Investment in an associate	15	1,449	808	-	-
Deferred income tax assets	16	43	311	-	-
Trade and other receivables	17	2,672	2,851	-	-
Total non-current assets		<u>11,249</u>	<u>10,265</u>	<u>32,734</u>	<u>32,734</u>
Current assets					
Inventories	19	158	212	-	-
Trade and other receivables	17	7,043	9,314	6,354	3,850
Cash and cash equivalents	20	17,220	15,019	9	19
Total current assets		<u>24,421</u>	<u>24,545</u>	<u>6,363</u>	<u>3,869</u>
Total assets		<u>35,670</u>	<u>34,810</u>	<u>39,097</u>	<u>36,603</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	21	31,948	31,948	31,948	31,948
(Accumulated losses)/Retained earnings		(2,221)	(3,968)	6,708	(402)
Foreign currency translation reserve	22	(1,381)	(1,942)	-	-
Equity attributable to owners of the Company		<u>28,346</u>	<u>26,038</u>	<u>38,656</u>	<u>31,546</u>
Non-controlling interest		<u>1,029</u>	<u>660</u>	<u>-</u>	<u>-</u>
Total equity		<u>29,375</u>	<u>26,698</u>	<u>38,656</u>	<u>31,546</u>
Non-current liabilities					
Deferred income tax liabilities	16	25	54	-	-
Finance lease liabilities	23	-	3	-	-
Total non-current liabilities		<u>25</u>	<u>57</u>	<u>-</u>	<u>-</u>
Current liabilities					
Current income tax liabilities		39	29	-	-
Trade and other payables	24	6,231	8,019	441	5,057
Finance lease liabilities	23	-	7	-	-
Total current liabilities		<u>6,270</u>	<u>8,055</u>	<u>441</u>	<u>5,057</u>
Total liabilities		<u>6,295</u>	<u>8,112</u>	<u>441</u>	<u>5,057</u>
Total equity and liabilities		<u>35,670</u>	<u>34,810</u>	<u>39,097</u>	<u>36,603</u>

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Group	Total equity \$'000	Equity attributable to owners of the Company \$'000	Share capital \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000	Non-controlling interest \$'000
Balance at 1 January 2010	26,698	26,038	31,948	(3,968)	(1,942)	660
Total comprehensive income for the year	3,038	2,628	-	2,067	561	410
Dividend paid to equity holders of the Company (Note 25)	(320)	(320)	-	(320)	-	-
Dividend paid to non-controlling interest	(41)	-	-	-	-	(41)
Balance at 31 December 2010	29,375	28,346	31,948	(2,221)	(1,381)	1,029
Balance at 1 January 2009	23,966	23,645	31,948	(6,868)	(1,435)	321
Total comprehensive income/(expenses) for the year	2,732	2,393	-	2,900	(507)	339
Balance at 31 December 2009	26,698	26,038	31,948	(3,968)	(1,942)	660

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (Continued)

Company	Share capital \$'000	(Accumulated losses) / Retained earnings \$'000	Total \$'000
Balance at 1 January 2010	31,948	(402)	31,546
Total comprehensive income for the year	-	7,430	7,430
Dividend paid to equity holders of the Company (Note 25)	-	(320)	(320)
Balance at 31 December 2010	<u>31,948</u>	<u>6,708</u>	<u>38,656</u>
Balance at 1 January 2009	31,948	(89)	31,859
Total comprehensive expenses for the year	-	(313)	(313)
Balance at 31 December 2009	<u>31,948</u>	<u>(402)</u>	<u>31,546</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$'000	2009 \$'000
Operating activities			
Profit before income tax		2,801	3,287
Adjustments for:-			
Amortisation of development costs and intellectual property	13	627	479
Depreciation of plant and equipment	12	571	951
Impairment loss on development cost	13	447	77
Impairment loss on plant and equipment	5 & 12	734	181
Plant and equipment written off	5	1	-
Allowance for impairment of trade and other receivables (net)	5 & 17	81	22
Allowance for inventory obsolescence	5 & 19	36	53
Net gain on disposals of plant and equipment	4 & 5	(28)	(19)
Interest expense	6	1	2
Interest income	4	(415)	(183)
Share of profit from an equity-accounted associate		(1,156)	(1,038)
Write back of allowance for impairment for trade and other receivables	4 & 17	(231)	-
Operating cash flows before movements in working capital		<u>3,469</u>	<u>3,812</u>
Changes in operating assets and liabilities			
Inventories		(23)	1,051
Trade and other receivables		2,528	3,945
Trade and other payables		(1,773)	(838)
Cash generated from operations		<u>4,201</u>	<u>7,970</u>
Income tax paid		(58)	(40)
Interest paid		(1)	(2)
Net cash from operating activities		<u>4,142</u>	<u>7,928</u>
Investing activities			
Purchases of plant and equipment	12	(1,308)	(2,910)
Proceeds from disposals of plant and equipment		35	47
Development costs paid	13	(1,784)	(1,057)
Withdrawal of fixed deposits pledged		-	61
Interest received		415	183
Dividend received from an associate		508	1,432
Net cash used in investing activities		<u>(2,134)</u>	<u>(2,244)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (Continued)

	Note	2010 \$'000	2009 \$'000
Financing activities			
Dividend paid by a subsidiary to non-controlling interest		(41)	-
Dividend paid to equity holders of the Company		(320)	-
Repayment of finance leases		(10)	(7)
Net cash used in financing activities		<u>(371)</u>	<u>(7)</u>
Net change in cash and cash equivalents			
		1,637	5,677
Cash and cash equivalents at beginning of year		14,991	9,911
Effect of exchange rate changes on cash and cash equivalents		566	(597)
Cash and cash equivalents at end of year	20	<u><u>17,194</u></u>	<u><u>14,991</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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 33 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2010 were authorised for issue by the Board of Directors on 29 March 2011.

2. Summary of significant accounting policies

2.1 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 statement of financial position 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 the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

FRS 27 (2009) Consolidated and Separate Financial Statements

Changes in the accounting policies resulting from the adoption of FRS 27 (2009) include the following:

- Effects of all transactions with non-controlling interests are to be recorded in equity if there are no changes in control and these transactions will no longer result in goodwill or gains and losses.
- In the event where control is lost, any remaining interests in the entity are re-measured to fair value, and a gain or loss is recognised in the profit or loss.
- The Group has applied FRS 27 (2009) prospectively to transactions with non-controlling interests from 1 January 2010. There were no transactions with non-controlling interests in the current financial year. Accordingly the changes do not have any impact on the financial statements for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 103 (2009) Business Combinations

Changes in the accounting policies resulting from the adoption of FRS 103 (2009) include the following:

- All considerations given to purchase a business are to be recorded at fair value at the acquisition date, with contingent considerations classified as debt subsequently re-measured through profit or loss if the fair value changes were to take place after the measurement period.
- The Group has a choice on an acquisition-by-acquisition basis to measure the non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's net assets.
- All acquisition-related costs are expensed.
- The Group has applied FRS 103 (2009) prospectively to all business combinations taking place from 1 January 2010. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

FRS and INT FRS issued but not yet effective

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

	Effective date (annual periods beginning on or after)
FRS 24 - Related Party Disclosures	1 January 2011
INT FRS 119 - Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

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 in the period of their initial adoption, except as disclosed below:

FRS 24 (2010) Related Party Disclosures

FRS 24 (2010) changes certain requirements for related party disclosures for entities under control, joint control or significant influence of a government ("government related entities"). FRS 24 (2010) also made related party relations symmetrical between each of the related parties and new relationships were included and clarified in the definition of a related party. The Group will apply the amendments to FRS 24 retrospectively for annual periods beginning on or after 1 January 2011 and is currently determining the impact of the changes to the definition of a related party on the related disclosures. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company or the Group when implemented in 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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.

2.2 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.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition 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. Acquisition-related costs are recognised in profit or loss as incurred.

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, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.4 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.

(a) *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.

(b) *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.

(c) *Revenue from maintenance contracts*

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

(d) *Interest income*

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

(e) *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 2010

2. Summary of significant accounting policies (Continued)

2.5 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. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. 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 profit or loss in the period in which they are incurred.

2.6 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.

2.7 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 end of the financial year.

2.8 Income tax expense

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 profit or loss 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 end of the financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.8 Income tax expense (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each financial year 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 end of the financial year. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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 profit or loss, 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.

2.9 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.

2.10 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 the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. 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 profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.10 Foreign currency transactions and translation (Continued)

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 at the end of the financial year. 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 profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are taken to the foreign currency translation reserve.

2.11 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 the end of each financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.11 Plant and equipment (Continued)

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 profit or loss.

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

2.12 Intangible assets

(a) *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 amortisation and accumulated impairment losses (Note 2.16).

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

(b) *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 2.16).

2.13 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 2010

2. Summary of significant accounting policies (Continued)

2.13 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 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 profit or loss.

2.14 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 statement of financial position 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.

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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.15 Joint ventures (Continued)

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 (Note 2.13).

Where the Group transacts with its jointly controlled entities, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

2.16 Impairment of tangible and intangible assets excluding goodwill

At the end of each financial year, 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.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its 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 profit or loss, 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 profit or loss, 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.

2.17 Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating 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, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

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

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 the end of each financial year. 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 profit or loss.

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 profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial assets (Continued)

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 of the financial asset 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.

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

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.

Borrowings

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 (Note 2.5).

Derecognition of financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.18 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.

2.19 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 end of the financial year ("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 end of the financial year, 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 statement of financial position as "Amount due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amounts due to contract customers".

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

2.20 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 statement of cash flow, cash and cash equivalents are presented net of bank overdrafts.

2.21 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 incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.21 Leases (Continued)

The Group is the lessee (Continued)

Finance leases (Continued)

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (Note 2.5).

Operating leases

Rentals payable under operating leases are charged to profit or loss 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.

2.22 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 end of the financial year, 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.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (Continued)

2.23 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 statement of financial position 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.

Jobs Credit Scheme

The Singapore government introduced a cash grant known as the Jobs Credit Scheme in its Budget for 2009 in a bid to help businesses preserve jobs in the economic downturn. The amounts received for jobs credit are to be paid to eligible employers in 2009 in four payments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the Scheme.

In October 2009, the Government announced that the Jobs Credit Scheme would be extended for half a year with another 2 payments at stepped-down rates in March and June 2010 based on 6% of wages to be paid in March 2010 and 3% of wages to be paid in June 2010.

The Group recognises the amounts received for jobs credit at their fair value as other income in the month of receipt of these grants from the government.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

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.

3.1 Critical judgements made 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

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 allow for repayment under instalment scheme by these customers. At the end of the financial year, the balance owed by those customers, net of allowances for impairment, amounted to \$2,670,000 (2009: \$3,330,000). 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 profit or loss for the financial year was \$81,000 (2009: \$22,000). The carrying amount of the Group's trade and other receivables as at 31 December 2010 was \$9,715,000 (2009: \$12,165,000).

Allowances for slow moving and obsolete inventories

The Group carries out an inventory review on a product-by-product basis at the end of each financial year 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 profit or loss for the financial year was \$36,000 (2009: \$53,000). The carrying amount of the Group's inventories as at 31 December 2010 was \$158,000 (2009: \$212,000).

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, 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 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 the end of each financial year 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 2010 was \$43,000 (2009: \$311,000).

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 profit or loss for the financial year ended 2010 was \$734,000 (2009: \$181,000). The carrying amount of the Group's plant and equipment as at 31 December 2010 was \$3,799,000 (2009: \$3,905,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

3.2 Key sources of estimation uncertainty (Continued)

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 2010 were \$32,734,000 (2009: \$32,734,000) and \$6,312,000 (2009: \$3,831,000) 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 2010 was \$3,286,000 (2009: \$2,390,000).

Contract work-in-progress

As described in Note 2.19 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 end of the financial year. This 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 2010 disclosed in Note 18 to the financial statements.

4. Revenue and other operating income

	Group	
	2010	2009
	\$'000	\$'000
Revenue:		
Systems sales	9,778	10,993
Managed services	8,445	7,971
Total revenue	18,223	18,964
Other operating income:		
- interest income from bank	415	183
- write back of allowance for impairment for trade and other receivables	231	-
- foreign exchange gain	726	663
- gain on disposal of plant and equipment	28	22
- other income	112	132
Total other operating income	1,512	1,000
	19,735	19,964

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

5. Other operating expenses

	Group	
	2010	2009
	\$'000	\$'000
Allowance for impairment of trade receivables	52	-
Allowance for impairment of other receivables	29	22
Allowance for impairment of development cost	447	77
Allowance for impairment on plant and equipment	734	181
Allowance for inventory obsolescence	36	53
Foreign exchange losses	772	600
Loss on disposals of plant and equipment	-	3
Plant and equipment written off	1	-
Others	15	26
	<u>2,086</u>	<u>962</u>

6. Finance costs

	Group	
	2010	2009
	\$'000	\$'000
Interest expense:		
- finance lease liabilities	1	2
	<u>1</u>	<u>2</u>

7. Profit before income tax

Profit before income tax is arrived at after charging:

	Group	
	2010	2009
	\$'000	\$'000
Amortisation of development costs and intellectual property (included in cost of sales) (Note 13)	627	479
Depreciation of plant and equipment (Note 12)	571	951
Cost of inventories recognised as an expense (included in cost of sales)	5,598	6,302
Rental expense - operating lease	272	328
	<u>7,068</u>	<u>13,060</u>

8. Staff costs

	Group	
	2010	2009
	\$'000	\$'000
Wages and salaries	4,300	4,181
Employer's contribution to defined contribution plans including Central Provident Fund	569	545
Staff welfare benefits	218	148
	<u>5,087</u>	<u>4,874</u>

The above includes key management's remuneration as disclosed in Note 31 (b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

9. Income tax expense

	Group	
	2010	2009
	\$'000	\$'000
Tax expense attributable to results is made up of:		
Current income tax		
- group	73	54
- associate	9	8
Deferred income tax (Note 16)	239	(26)
	<u>321</u>	<u>36</u>
Under provision in preceding financial years		
- current income tax	8	18
	<u>329</u>	<u>54</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	
	2010	2009
	\$'000	\$'000
Profit before income tax	<u>2,801</u>	<u>3,287</u>
Tax calculated at a tax rate of 17% (2009: 17%)	476	559
Effect of different tax rates in other countries	377	316
Tax effect of expenses not deductible for tax purposes	203	105
Temporary differences at zero tax rate due to pioneer status	92	338
Deferred tax asset not recognised in profit or loss	250	56
Tax exempt income	(1,365)	(1,161)
Utilisation of deferred tax asset previously not recognised	(16)	(177)
Reversal of deferred tax asset (Note 16)	295	-
Under provision in preceding financial years	8	18
Others	9	-
Tax expense	<u>329</u>	<u>54</u>

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, had expired 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. Income tax relating to components of other comprehensive income

	Group			
	2010		2009	
	Before-tax amount	Net-of-tax amount	Before-tax amount	Net-of-tax amount
	\$'000	\$'000	\$'000	\$'000
Exchange differences on translating foreign operations	<u>566</u>	<u>566</u>	<u>(501)</u>	<u>(501)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

11. Earnings per share

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

	Group	
	2010	2009
Earnings attributable to equity holders of the Company (\$'000)	2,067	2,900
Number of ordinary shares in issue during the financial year ('000)	319,573	319,573
Basic earnings per share (cents)	0.65	0.91
Diluted earnings per share (cents)	0.65	0.91

Diluted earnings per share are the same as basic earnings per share because the Company does not have potential dilutive shares.

12. Plant and equipment

Group	Office equipment, furniture and renovation	Computers, tele-communications, research and development equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 January 2010	1,268	10,512	237	12,017
Additions	137	1,171	-	1,308
Transfer from inventories	-	32	-	32
Disposals	(6)	(32)	(60)	(98)
Write off	-	(1)	-	(1)
Foreign currency translation differences	23	50	7	80
At 31 December 2010	<u>1,422</u>	<u>11,732</u>	<u>184</u>	<u>13,338</u>
Accumulated depreciation				
At 1 January 2010	878	6,596	237	7,711
Depreciation charge for the financial year	97	474	-	571
Disposals	(6)	(17)	(60)	(83)
Foreign currency translation differences	17	48	7	72
Capitalisation to intangible assets (Note 13)	39	109	-	148
At 31 December 2010	<u>1,025</u>	<u>7,210</u>	<u>184</u>	<u>8,419</u>
Accumulated impairment loss				
At 1 January 2010	-	401	-	401
Impairment loss for the year	-	734	-	734
Write back for the year	-	(8)	-	(8)
Foreign currency translation differences	-	(7)	-	(7)
At 31 December 2010	<u>-</u>	<u>1,120</u>	<u>-</u>	<u>1,120</u>
Carrying amount				
At 31 December 2010	<u>397</u>	<u>3,402</u>	<u>-</u>	<u>3,799</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. Plant and equipment (Continued)

Group	Office equipment, furniture and renovation \$'000	Computers, tele- communications, research and development equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost				
At 1 January 2009	1,046	8,418	242	9,706
Additions	254	2,656	-	2,910
Transfer from inventories	-	133	-	133
Disposals	(7)	(578)	-	(585)
Foreign currency translation differences	(25)	(117)	(5)	(147)
At 31 December 2009	1,268	10,512	237	12,017
Accumulated depreciation				
At 1 January 2009	761	6,252	238	7,251
Depreciation charge for the financial year	116	831	4	951
Disposals	(7)	(484)	-	(491)
Foreign currency translation differences	(18)	(88)	(5)	(111)
Capitalisation to intangible assets (Note 13)	26	85	-	111
At 31 December 2009	878	6,596	237	7,711
Accumulated impairment loss				
At 1 January 2009	-	286	-	286
Impairment loss for the year	-	181	-	181
Write back for the year	-	(66)	-	(66)
At 31 December 2009	-	401	-	401
Carrying amount				
At 31 December 2009	390	3,515	-	3,905

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. Plant and equipment (Continued)

	Office equipment, furniture and renovation \$'000
Company	
Cost	
At 1 January 2010 and 31 December 2010	46
Accumulated depreciation	
At 1 January 2010 and 31 December 2010	46
Carrying amount	
At 31 December 2010	-
Cost	
At 1 January 2009 and 31 December 2009	46
Accumulated depreciation	
At 1 January 2009 and 31 December 2009	46
Carrying amount	
At 31 December 2009	-

During the financial year, an impairment loss of \$734,000 (2009: \$181,000), being the excess of the carrying value of equipments over its recoverable amount, is recognised for the Group due to its expected realisable value being below its cost. During the financial year, there was a write back of impairment loss of \$8,000 (2009: \$66,000) as the assets were sold above net carrying value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

13. Intangible assets

Group	Development cost \$'000	Intellectual property \$'000	Total \$'000
Cost			
At 1 January 2010	3,797	2,148	5,945
Addition during the year	1,784	-	1,784
Capitalisation of development equipment (Note 12)	148	-	148
Foreign currency translation differences	(55)	44	(11)
At 31 December 2010	<u>5,674</u>	<u>2,192</u>	<u>7,866</u>
Accumulated amortisation			
At 1 January 2010	1,330	2,148	3,478
Amortisation charge for the year	627	-	627
Foreign currency translation differences	(95)	44	(51)
At 31 December 2010	<u>1,862</u>	<u>2,192</u>	<u>4,054</u>
Accumulated impairment loss			
At 1 January 2010	77	-	77
Impairment loss for the year	447	-	447
Foreign currency translation differences	2	-	2
At 31 December 2010	<u>526</u>	<u>-</u>	<u>526</u>
Carrying amount			
At 31 December 2010	<u>3,286</u>	<u>-</u>	<u>3,286</u>
Cost			
At 1 January 2009	2,685	2,193	4,878
Addition during the year	1,057	-	1,057
Capitalisation of development equipment (Note 12)	111	-	111
Foreign currency translation differences	(56)	(45)	(101)
At 31 December 2009	<u>3,797</u>	<u>2,148</u>	<u>5,945</u>
Accumulated amortisation			
At 1 January 2009	887	2,193	3,080
Amortisation charge for the year	479	-	479
Foreign currency translation differences	(36)	(45)	(81)
At 31 December 2009	<u>1,330</u>	<u>2,148</u>	<u>3,478</u>
Accumulated impairment loss			
At 1 January 2009	-	-	-
Impairment loss for the year	77	-	77
At 31 December 2009	<u>77</u>	<u>-</u>	<u>77</u>
Carrying amount			
At 31 December 2009	<u>2,390</u>	<u>-</u>	<u>2,390</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

14. Investments in subsidiaries

	2010	Company
	\$'000	2009
		\$'000
Unquoted shares, at cost	32,734	32,734

Details of the subsidiaries are included in Note 33.

15. Investment in an associate

	2010	Group
	\$'000	2009
		\$'000
Investment at cost	69	69
At beginning of the financial year	808	1,233
Exchange differences	2	(23)
Share of results (net of tax)	1,147	1,030
Dividend received (net of tax)	(508)	(1,432)
At end of the financial year	1,449	808

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

	2010	Group
	\$'000	2009
		\$'000
Assets and liabilities:		
Total assets	3,843	2,256
Total liabilities	221	237
Net assets	3,622	2,019
Group's share of associate's net assets	1,449	808
Results:		
Revenue	4,311	3,976
Profit before tax for the year	2,891	2,597
Tax for the year	(24)	(22)
Profit after tax for the year	2,867	2,575
Group's share of associate's profit after tax for the year	1,147	1,030

Details of the associate are included in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

16. 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 statement of financial position as follows:-

	2010	Group	2009
	\$'000		\$'000
Deferred income tax assets			
- to be recovered after more than 12 months	(43)		(311)
Deferred income tax liabilities			
- to be settled after more than 12 months	25		54
	<u>(18)</u>		<u>(257)</u>

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

	2010	Group	2009
	\$'000		\$'000
At beginning of the financial year	(257)		(231)
Tax charge/(credit) to profit or loss (Note 9)	239		(26)
At end of the financial year	<u>(18)</u>		<u>(257)</u>

As at 31 December 2010, the Group has unabsorbed tax losses of approximately \$12,438,000 (2009: \$11,159,000) and unutilised capital allowances of approximately \$281,000 (2009: \$1,620,000) 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. Deferred tax asset on carried forward unabsorbed tax losses and unutilised capital allowance was reversed in 2010 mainly because it is not probable that future taxable profit will be available against which a subsidiary can utilise the benefits. The deferred tax benefits on the remaining carried forward unabsorbed tax losses and unutilised capital allowances amounting to \$12,719,000 (2009: \$12,779,000) 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 a subsidiary of the Company as disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

16. 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		
Deferred income tax liabilities			
2010			
At 1 January 2010			54
Credited to profit or loss			(29)
At 31 December 2010			<u>25</u>
2009			
At 1 January 2009			67
Credited to profit or loss			(13)
At 31 December 2009			<u>54</u>
Deferred income tax assets			
	Tax losses and capital allowances \$'000	Others \$'000	Total \$'000
2010			
At 1 January 2010	(295)	(16)	(311)
Charged to profit or loss	266	2	268
At 31 December 2010	<u>(29)</u>	<u>(14)</u>	<u>(43)</u>
2009			
At 1 January 2009	(295)	(3)	(298)
Credited to profit or loss	-	(13)	(13)
At 31 December 2009	<u>(295)</u>	<u>(16)</u>	<u>(311)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

17. Trade and other receivables

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current				
Trade receivables:				
- related corporations	8	3	-	-
- associate	3	-	-	-
- third parties	5,992	8,291	-	-
	6,003	8,294	-	-
Less: Allowance for impairment of receivables - third parties	(2,403)	(2,882)	-	-
Trade receivables – net	3,600	5,412	-	-
Proprietary Solutions contracts:				
- due from customers (Note 18)	2,229	2,476	-	-
Deposits	171	109	-	-
Less: Allowance for impairment of deposits	(24)	(24)	-	-
Prepayment	737	471	38	17
Other receivables:				
- amounts due from subsidiaries (non-trade)	-	-	6,312	3,831
- staff advances	6	2	-	-
- amount due from ultimate holding corporation (non-trade)	125	123	-	-
- income tax recoverable	3	22	-	-
- sundry	303	1,073	4	2
Less: Allowance for impairment of sundry receivables	(107)	(350)	-	-
	<u>7,043</u>	<u>9,314</u>	<u>6,354</u>	<u>3,850</u>
Non-Current				
Trade receivables	<u>2,672</u>	<u>2,618</u>	-	-
Sundry receivables	-	1,377	-	-
Less: Allowance for impairment of sundry receivables	-	(1,144)	-	-
Sundry receivables – net	<u>-</u>	<u>233</u>	-	-
	<u>2,672</u>	<u>2,851</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

17. Trade and other receivables (Continued)

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

The average credit period on sale of goods and services is 30 - 90 days (2009: 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.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Singapore Dollar	619	1,128	6,354	3,850
Ringgit Malaysia	6,109	7,964	-	-
United States Dollar	1,935	2,424	-	-
Euro	451	11	-	-
Pakistan Rupee	242	132	-	-
Brunei Dollar	217	225	-	-
Hong Kong Dollar	9	157	-	-
Others	133	124	-	-
	<u>9,715</u>	<u>12,165</u>	<u>6,354</u>	<u>3,850</u>

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

	Group	
	2010 \$'000	2009 \$'000
Past due 0 to 3 months	1,305	1,246
Past due 3 to 9 months	204	673
Past due over 9 months	362	492
	<u>1,871</u>	<u>2,411</u>

Included in the Group's trade receivables balance are debtors with a carrying value of \$1,900,000 (2009: \$2,400,000), which are past due but not impaired at the end of the financial year. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

17. Trade and other receivables (Continued)

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

	Trade Group		Non-trade Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Gross amount	2,576	2,882	131	2,112
Less: Allowance for impairment	(2,403)	(2,882)	(131)	(1,518)
	<u>173</u>	<u>-</u>	<u>-</u>	<u>594</u>
Movements in allowance for impairment:				
Beginning of the financial year	2,882	2,998	1,518	1,487
Allowance charged to profit or loss	52	-	29	22
Written off against allowance	(349)	(116)	(1,367)	9
Write back of allowance	(182)	-	(49)	-
End of the financial year	<u>2,403</u>	<u>2,882</u>	<u>131</u>	<u>1,518</u>

18. Contract work-in-progress

	Group	
	2010 \$'000	2009 \$'000
Aggregate contract costs recognised and recognised profits to date	4,623	5,903
Less: Progress billings	(2,414)	(3,468)
	<u>2,209</u>	<u>2,435</u>
Due from customers on Proprietary Solutions contracts (Note 17)	<u>2,229</u>	<u>2,476</u>
Due to customers on Proprietary Solutions contracts (Note 24)	<u>(20)</u>	<u>(41)</u>

19. Inventories

	Group	
	2010 \$'000	2009 \$'000
At cost	1,047	1,112
Less: Allowance for obsolete inventories	(889)	(900)
	<u>158</u>	<u>212</u>
Movements in allowance for obsolete inventories:		
At beginning of the financial year	900	1,276
Written off against allowance	(47)	(429)
Charged to profit or loss	36	53
At end of the financial year	<u>889</u>	<u>900</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

20. Cash and cash equivalents

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash and bank balances	4,721	5,921	9	19
Short-term bank deposits	12,499	9,098	-	-
	<u>17,220</u>	<u>15,019</u>	<u>9</u>	<u>19</u>

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

Short-term bank deposits comprise \$26,000 (2009: \$28,000) 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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Singapore Dollar	4,758	4,010	7	17
Ringgit Malaysia	10,687	10,245	-	-
United States Dollar	956	647	2	2
Thai Baht	1	1	-	-
Pakistan Rupee	404	26	-	-
Euro	352	-	-	-
Hong Kong Dollar	16	8	-	-
Others	46	82	-	-
	<u>17,220</u>	<u>15,019</u>	<u>9</u>	<u>19</u>

Short-term bank deposits have a weighted average maturity of 1 month (2009: 1 month) from the end of the financial year with the following weighted average effective interest rates:

	Group		Company	
	2010	2009	2010	2009
Ringgit Malaysia	2.4%	2.1%	-	-
Euro	0.01%	-	-	-

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

	Group	
	2010 \$'000	2009 \$'000
Cash and bank balances	17,220	15,019
Less:		
- Restricted deposit	(26)	(28)
Cash and cash equivalents per consolidated statement of cash flows	<u>17,194</u>	<u>14,991</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

21. Share capital

	Group and Company			
	2010	2009	2010	2009
	Shares	Shares	\$'000	\$'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.

22. Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of certain entities within the Group whose functional currencies are different from that of the Group's presentation currency. The foreign currency translation reserve is non-distributable.

The movements of the reserve are presented in the statement of changes in equity.

23. Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	Group		Group	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Amount payable under finance lease:				
- within one year	-	8	-	7
- in the second to fifth year inclusive	-	4	-	3
	-	12	-	10
Less: future finance charges	-	(2)	-	-
Present value of minimum lease liabilities	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>

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

	Group	
	2010	2009
	\$'000	\$'000
Current finance lease liabilities (payable within 12 months)	-	7
Non-current finance lease liabilities (payable after 12 months)	-	3
	<u>-</u>	<u>10</u>

In 2009, finance lease liabilities of the Group were secured by the rights to the leased motor vehicles (Note 12), which would revert to the lessors in the event of default by the Group. The weighted average effective interest rates of the finance lease liabilities at the end of the financial year was 2.3%.

The exposure of current and non-current finance leases to interest rate risks is disclosed in Note 28.2 (iii).

Finance lease liabilities are denominated in Ringgit Malaysia.

The carrying amounts of the finance leases approximately their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

24. Trade and other payables

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade payables	4,095	5,839	-	-
Proprietary Solutions contracts				
- due to customers (Note 18)	20	41	-	-
Accrued operating expenses	1,301	1,600	150	176
Deposits received	47	84	-	-
Other payables:				
- amount due to ultimate holding corporation (non-trade)	3	1	-	-
- amount due to subsidiaries (non-trade)	-	-	224	4,868
- amount due to related corporations (non-trade)	22	18	-	-
- amount due to an associate (non-trade)	18	17	-	-
- deferred government grant	192	251	-	-
- sundry	533	168	67	13
	<u>6,231</u>	<u>8,019</u>	<u>441</u>	<u>5,057</u>

Non-trade amounts due to the ultimate holding corporation, subsidiaries, 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 (2009: 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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Singapore Dollar	858	656	441	5,057
Ringgit Malaysia	2,849	2,387	-	-
United States Dollar	1,609	1,601	-	-
Euro	578	3,045	-	-
Pakistan Rupee	39	23	-	-
Brunei Dollar	15	246	-	-
Hong Kong Dollar	15	46	-	-
Others	268	15	-	-
	<u>6,231</u>	<u>8,019</u>	<u>441</u>	<u>5,057</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

25. Dividends

Dividends paid during the financial year:

	Group and Company	
	2010 \$'000	2009 \$'000
<u>By the Company:</u>		
Interim dividend of \$0.0010, one tier tax exempt per share (2009: \$Nil)	320	-

No dividend was declared for the financial year ended 31 December 2009.

26. Contingent liabilities, unsecured

The Company has also undertaken to provide continued financial support to its subsidiary which have accumulated losses of \$448,000 (2009: \$Nil) in excess of the issued and paid-up capital as at 31 December 2010 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

27.1 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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Not later than one year	157	150	-	-
Later than one year but not later than five years	38	176	-	-
	<u>195</u>	<u>326</u>	<u>-</u>	<u>-</u>

27.2 Capital commitments

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Capital expenditure contracted but not provided for				
- Commitment for acquisition of property, plant and equipment	2,945	245	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

28. Financial instruments, financial risk and capital risk management

28.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the financial year:

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	26,051	26,628	6,325	3,852
Financial liabilities				
Payables	6,231	8,019	441	5,057
Finance lease liabilities	-	10	-	-

28.2 Financial risk factors

The Group's activities expose it to a variety of financial risks including credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk. 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 76% (2009: 62%) of trade receivables (net of impairment allowances), which include a single major customer located in Malaysia making up 60% (2009: 47%) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

28.2 Financial risk factors (Continued)

(i) Credit risk management (Continued)

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 17.

(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.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

	Group				Company			
	Monetary liabilities		Monetary assets		Monetary liabilities		Monetary assets	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
United States Dollar	1,609	1,601	2,891	3,071	-	-	2	2
Singapore Dollar	858	656	5,377	5,138	441	5,057	6,361	3,867
Ringgit Malaysia	2,849	2,397	16,796	18,209	-	-	-	-
Euro	578	3,045	803	11	-	-	-	-
Pakistan Rupee	39	23	646	158	-	-	-	-
Brunei Dollar	15	246	217	225	-	-	-	-
Hong Kong Dollar	15	46	25	165	-	-	-	-
Others	268	15	179	206	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

28.2 Financial risk factors (Continued)

(ii) Foreign exchange risk management (Continued)

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/weakens by 10% against the relevant foreign currencies, the profit or loss of the Group will increase/(decrease) by:

Group	Singapore Dollar Strengthen by 10%		Singapore Dollar Weaken by 10%	
	Impact on Profit or Loss		Impact on Profit or Loss	
Impact of Foreign Currency	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
United States Dollar	(128)	(147)	128	147
Ringgit Malaysia	(1,395)	(1,582)	1,395	1,582
Euro	(23)	303	23	(303)
Pakistan Rupee	(61)	(14)	61	14
Brunei Dollar	(20)	2	20	(2)
Hong Kong Dollar	(1)	(12)	1	12
Others	9	(20)	(9)	20

The potential impact of foreign exchange rate fluctuations on profit or loss and equity of the Group as described in the sensitivity analysis above is attributable mainly to foreign exchange rate fluctuations and the Group's foreign exchange rate exposure on non-reporting currency 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 Note 23.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

28.2 Financial risk factors (Continued)

(iii) Interest rate risk management (Continued)

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 profit or loss 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 instruments

The following details the remaining contractual maturity for non-derivative financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial instruments based on the earliest date on which the Group and the Company is expected to receive or pay. The table includes both interest (where applicable) and principal cash flows:

<u>Financial liabilities</u>	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	Total \$'000
<u>Group</u>			
2010			
Non- interest bearing	6,231	-	6,231
2009			
Non-interest bearing	8,019	-	8,019
Finance lease liability (fixed rate)	7	3	10
	8,026	3	8,029
<u>Company</u>			
2010			
Non – interest bearing	441	-	441
2009			
Non – interest bearing	5,057	-	5,057

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

28.2 Financial risk factors (Continued)

(iv) Liquidity risk management (Continued)

Liquidity risk analysis (Continued)

Non – derivative financial instruments (Continued)

Financial assets	On demand or within 1	Within	Total
Group	year	2 to 5 years	\$'000
2010	\$'000	\$'000	\$'000
Interest bearing	12,499	2,672	15,171
Non-interest bearing	10,880	-	10,880
	<u>23,379</u>	<u>2,672</u>	<u>26,051</u>
2009			
Interest bearing	9,455	2,851	12,306
Non-interest bearing	14,322	-	14,322
	<u>23,777</u>	<u>2,851</u>	<u>26,628</u>
Company			
2010			
Non-interest bearing	6,325	-	6,325
	<u>6,325</u>	<u>-</u>	<u>6,325</u>
2009			
Non-interest bearing	3,852	-	3,852
	<u>3,852</u>	<u>-</u>	<u>3,852</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

28.3 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 finance lease liabilities (Note 23), cash and cash equivalents (Note 20), and equity attributable to equity holders of the Company.

The Group's overall capital management strategy remains unchanged from 2009 and this includes maintaining a healthy gearing ratio taking into consideration the objectives of the Group. As at the end of financial year, the gearing ratio calculated as total borrowings divided by total equity is as follows:

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Total borrowings	-	10	-	-
Total equity	29,375	26,698	38,656	31,546
Gearing ratio	-	0.03%	-	-

The Group does not have any externally imposed capital requirements.

29. 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 non-current financial assets and financial liabilities are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy) based on discounted cash flow analysis.

30. 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 2010

31. 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	
	2010	2009
	\$'000	\$'000
Sales of goods/services to related corporations	26	18
Purchase of goods/services from related corporations	56	119
Rental and maintenance fees charged by a related corporation	302	202

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

	Company	
	2010	2009
	\$'000	\$'000
Reimbursement of expenses charged to subsidiaries	185	141
Service fee charged to subsidiaries	10	7
Payment on behalf by subsidiaries	411	230
Dividend income received from a subsidiary	8,000	-

(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	
	2010	2009
	\$'000	\$'000
Key management of the Group:		
Directors		
Salaries and other short-term employee benefits	487	427
Contribution to defined contribution pension plans	31	26
Others		
Salaries and other short-term employee benefits	877	732
Contribution to defined contribution pension plans	94	58
Fee paid to a non-controlling interest shareholder	121	99
	<u>1,610</u>	<u>1,342</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

31. Related party transactions (Continued)

(b) Key management's remuneration (Continued)

	Company	
	2010	2009
	\$'000	\$'000
Key management of the Company:		
Directors		
Short-term employee benefits	56	86
Fee payable to ultimate holding corporation	28	-
	<u>84</u>	<u>-</u>
	<u>84</u>	<u>86</u>

32. Segment information

Business segments

The Group's business segment comprises the Mobile Value-Added-Services Business Unit (VAS BU), the Mobile Technology Business Unit (TECH BU) and Operation Support Systems Business Unit (OSS BU). The Company's wholly owned subsidiary company, Unified Communications (OHQ) Sdn Bhd received the Malaysia Industry Development Authority's approval in October 2009 of its Operational Headquarters (OHQ) status to provide certain approved OHQ services to its group companies. This OHQ status is granted for 10 years with certain tax incentives.

- VAS BU – Business unit for content-driven mobile VAS systems, solutions and managed services.
- TECH BU – Business unit for mobile messaging and signalling systems, solutions and managed services.
- OSS BU – Business unit for mobile network operation support systems, solutions and managed services.
- OHQ BU – Business unit for operational headquarters of the Group.

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. Segment liabilities comprise operating liabilities and exclude items such as deferred income 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

32. Segment information (Continued)

Business segments (Continued)

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.

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended						
31 December 2010						
Sales:						
- external sales	6,490	4,513	7,212	8	-	18,223
- inter-segment sales	931	2	715	2,432	(4,080)	-
	<u>7,421</u>	<u>4,515</u>	<u>7,927</u>	<u>2,440</u>	<u>(4,080)</u>	<u>18,223</u>
Interest income	399	-	14	2	-	415
Amortisation of development cost and intellectual property	510	33	90	1	(7)	627
Depreciation of plant and equipment	195	295	48	35	(2)	571
Allowance for impairment of trade receivables	-	52	-	9	(9)	52
Allowance for impairment of other receivables	-	-	-	5	24	29
Allowance for impairment of inventories	5	31	-	-	-	36
Impairment loss on development cost	-	447	-	-	-	447
Impairment loss on plant and equipment	-	744	-	-	(10)	734
Plant and equipment written off	1	-	-	-	-	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

32. Segment information (Continued)

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2010						
Profit/(Loss) from operations	3,037	(1,984)	1,085	7,614	(8,106)	1,646
Finance costs	(1)	-	-	-	-	(1)
Share of profit from an equity-accounted associate	-	1,150	-	-	6	1,156
Profit/(Loss) before tax	3,036	(834)	1,085	7,614	(8,100)	2,801
Income tax	19	(311)	(1)	(35)	(1)	(329)
Profit/(Loss) after tax	3,055	(1,145)	1,084	7,579	(8,101)	2,472
Non-controlling interest	-	127	(532)	-	-	(405)
Profit/(Loss) attributable to owners of the Company	3,055	(1,018)	552	7,579	(8,101)	2,067
Segment assets	24,312	9,621	5,240	42,587	(47,582)	34,178
Associate	-	1,449	-	-	-	1,449
Unallocated assets	28	-	-	-	15	43
Consolidated total assets						35,670
Segment liabilities	3,192	9,918	3,176	3,616	(13,632)	6,270
Unallocated liabilities	-	-	-	25	-	25
Consolidated total liabilities						6,295
Other segment items						
Capital expenditure:						
- Plant and equipment	346	792	64	126	(20)	1,308
- Development costs and intellectual property	874	973	-	130	(193)	1,784

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

32. Segment information (Continued)

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2009						
Sales:						
- external sales	5,314	7,161	6,489	-	-	18,964
- inter-segment sales	3,470	265	987	1,090	(5,812)	-
	<u>8,784</u>	<u>7,426</u>	<u>7,476</u>	<u>1,090</u>	<u>(5,812)</u>	<u>18,964</u>
Interest income	183	-	-	-	-	183
Amortisation of development cost and intellectual property	390	2	87	-	-	479
Depreciation of plant and equipment	523	374	32	22	-	951
Allowance for impairment of other receivables	-	22	-	-	-	22
Allowance for impairment of inventories	34	19	-	-	-	53
Impairment loss on development cost	68	9	-	-	-	77
Impairment loss on plant and equipment	33	148	-	-	-	181

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

32. Segment information (Continued)

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2009						
Profit/(Loss) from operations	2,109	571	861	(390)	(900)	2,251
Finance costs	(2)	-	-	-	-	(2)
Share of profit from an equity-accounted associate	-	1,038	-	-	-	1,038
Profit/(Loss) before tax	2,107	1,609	861	(390)	(900)	3,287
Income tax	(43)	(14)	(16)	3	16	(54)
Profit/(Loss) after tax	2,064	1,595	845	(387)	(884)	3,233
Non-controlling interest	-	81	(414)	-	-	(333)
Profit/(Loss) attributable to owners of the Company	2,064	1,676	431	(387)	(884)	2,900
Segment assets	27,400	11,736	5,565	38,037	(49,047)	33,691
Associate	-	808	-	-	-	808
Unallocated assets	-	295	-	-	16	311
Consolidated total assets						34,810
Segment liabilities	2,397	10,051	4,552	6,361	(15,313)	8,048
Unallocated liabilities	64	-	-	-	-	64
Consolidated total liabilities						8,112
Other segment items						
Capital expenditure:						
- Plant and equipment	185	2,741	79	97	(192)	2,910
- Development costs and intellectual property	582	488	4	-	(17)	1,057

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

32. Segment information (Continued)

Geographical segments

The Group has from 2010 onwards changed its geographical segments into four main areas comprising South East Asia, South Asia, Middle East and Africa and Others:

- * South East Asia - the Company is headquartered in Singapore, and has operations in Singapore and other South East Asia 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
- * South Asia, Middle East and Africa, and Others - 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.

Others represented Greater China, North America and other countries outside of South East Asia, South Asia, Middle East and Africa.

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
2010			
South East Asia	15,144	30,046	2,326
South Asia	780	3,469	760
Middle East and Africa	1,772	323	-
Others	527	340	6
	<u>18,223</u>	<u>34,178</u>	<u>3,092</u>

Investment in an associate (Note 15)

1,449

Unallocated assets

43

35,670

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Group \$'000
External sales					
South East Asia	6,442	1,522	7,172	8	15,144
South Asia	48	692	40	-	780
Middle East and Africa	-	1,772	-	-	1,772
Others	-	527	-	-	527
Total	<u>6,490</u>	<u>4,513</u>	<u>7,212</u>	<u>8</u>	<u>18,223</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

32. Segment information (Continued)

Geographical segments (Continued)

	Sales \$'000	Total assets \$'000	Capital expenditure \$'000	
2009				
South East Asia	13,282	29,422	1,546	
South Asia	899	3,236	2,420	
Middle East and Africa	3,588	370	-	
Others	1,195	663	1	
	<u>18,964</u>	<u>33,691</u>	<u>3,967</u>	
Investment in an associate (Note 15)		808		
Unallocated assets		311		
		<u>34,810</u>		
	TECH \$'000	VAS \$'000	OSS \$'000	Group \$'000
External sales				
South East Asia	5,085	1,750	6,447	13,282
South Asia	229	628	42	899
Middle East and Africa	-	3,588	-	3,588
Others	-	1,195	-	1,195
Total	<u>5,314</u>	<u>7,161</u>	<u>6,489</u>	<u>18,964</u>

Contract type

External sales	2010			2009		
	Systems Sales \$'000	Managed Services \$'000	Group \$'000	Systems Sales \$'000	Managed Services \$'000	Group \$'000
Revenue	9,778	8,445	18,223	10,993	7,971	18,964
Gross profit	4,077	5,245	9,322	4,223	5,048	9,271
Gross profit (%)	42%	62%	51%	38%	63%	49%

The Group's revenue can be decomposed into revenue generated from two types of contracts, as describe below:

- (a) Systems Sales – this refers to contracts that involve the outright purchase by customers of systems comprising the Group's products and technologies, and where these systems are in turn delivered as turnkey solutions. The scope of work for a system sale contract includes system design, implementation, testing and commissioning services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

32. Segment information (Continued)

Contract type (Continued)

- (b) Managed Services – this refers to contracts that involve the provision of both systems comprising the Group's products and technologies as well as the Group's professional services, on a recurring, revenue sharing, software-as-a-service, pay-per-use or monthly or quarterly fixed and variable fee basis. Also treated as a managed service contract are system maintenance and technical support contracts with existing customers of the Group.

33. 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	
			2010 %	2009 %
<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
Unified Communications (OHQ) Sdn Bhd (b)	Provisions of management services	Malaysia	100	100
Unified Communications (OSS) Sdn Bhd (b)	Investment holding	Malaysia	100	100
Mobilization Sdn Bhd (b)	Creation and operation of next - generation mobile applications and mobile media-based services including mobile advertising services and such mobile media value-added-services that operate on an advertisement-supported or advertisement-funded revenue model	Malaysia	100	100
Unified Assets Sdn Bhd (b)(c)	Investment holding	Malaysia	100	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

33. 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	
			2010 %	2009 %
<u>Subsidiaries held by the Group</u>				
Unified Communications (VAS) Sdn Bhd (b)	Provision of telecommunication products, technology and customised solutions to telecommunication operators, service providers and enterprises	Malaysia	100	100
Unified Communications Limited (d)	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 (e)	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry	Thailand	(f)	(f)
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)(h)	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises	Pakistan	100	100
Unified Communications (Shenzhen) Pte Ltd (i)	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
GlobeOSS Pte Ltd (a)	Provision of global roaming quality of service management solutions	Singapore	51	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

33. 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	
			2010 %	2009 %

Associate company held by the Group

Ahead Mobile Sdn Bhd (b)	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry	Malaysia	40	40
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Investment in jointly controlled entity held by the Group

Unified Telecom Private Limited (i)	Provision of telecommunications products, services and customised solutions	India	50	50
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(a) Audited by BDO LLP, Singapore

(b) Audited by RSM Robert Teo, Kuan & Co., Malaysia

(c) On 8 September 2010, the Company had received the Certificate of Incorporation of Private Company for the incorporation of a wholly-owned subsidiary, Unified Assets Sdn Bhd ("UASB") 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 UASB, representing 100% equity interest in UASB at par.

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

(e) Audited by ThaiCon Auditing Limited, Thailand

(f) 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 ("UCPL") 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.

(g) Audited by BDO Ebrahim & Co., Pakistan.

(h) On 21 June 2010, UCPL has further subscribed to 1,699,450 new ordinary shares in Unified Communications (Private) Limited ("UC Pakistan") of PKR10 each for PKR16,994,500 (approximately \$257,900). The enlarged issued and paid-up share capital of UC Pakistan is now PKR21,017,500 represented by 2,101,700 ordinary shares of PKR10 each.

(i) Based on management accounts as of 31 December 2010. Please refer Note 34 to the financial statements for further details.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associate would not compromise the standard and effectiveness of the audit of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

34. Investment in joint venture

The following amounts represent the Group's 50% share of the assets and liabilities, and income and expenses of the joint venture which are included in the consolidated statement of financial position and profit or loss of the Group using the line-by-line format of proportionate consolidation.

	2010 \$'000	2009 \$'000
Assets		
- Current assets	66	84
- Non-current assets	25	22
	<u>91</u>	<u>106</u>
Liabilities		
- Current liabilities	99	6
Net (liabilities)/assets	<u>(8)</u>	<u>100</u>
Sales	63	38
Expenses	171	54
Loss before tax	<u>(108)</u>	<u>(16)</u>
Income tax	-	-
Loss for the year	<u>(108)</u>	<u>(16)</u>
Operating cash outflows	(21)	(4)
Investing cash outflows	(8)	(16)
Financing cash inflows	63	86
	<u>34</u>	<u>66</u>

35. Significant events subsequent to the financial year end

- (a) On 24 January 2011, GlobeOSS Sdn Bhd ("GlobeOSS") a 51% owned subsidiary of the Company, allotted and issued 400,000 bonus shares of RM1 each on the basis of four new ordinary shares of RM1 each for every one ordinary share of RM1 each held by way of capitalising of GlobeOSS Retained Earnings.
- (b) On 21 September 2010, Unified Assets Sdn Bhd ("UASB") a wholly-owned subsidiary of the Company, had entered into sale and purchase agreement with Mobile Distribution (M) Sdn Bhd to purchase a shop-office located at Lot 3A-5-1, 5th Floor, Block 3A, Plaza Sentral, Kuala Lumpur, Malaysia for RM7,657,000 (approximately \$3,272,222) ("Transaction").

On 12 January 2011, the Group had announced that the Transaction had been completed.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2011

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	5	0.27	1,148	0.00
1,000 - 10,000	842	45.41	5,943,269	1.86
10,001 - 1,000,000	985	53.13	57,668,000	18.05
1,000,001 and above	22	1.19	255,960,258	80.09
Total	1,854	100.00	319,572,675	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Worldwide Matrix Sdn Bhd	126,922,939	39.72
2	DMG & Partners Securities Pte Ltd	63,795,000	19.96
3	Wong Tze Leng	19,034,329	5.96
4	HSBC (Singapore) Nominees Pte Ltd	7,880,000	2.47
5	Chang Shaw Hwa	5,852,000	1.83
6	Phillip Securities Pte Ltd	3,345,990	1.05
7	OCBC Securities Private Ltd	2,821,000	0.88
8	Raffles Nominees Pte Ltd	2,800,000	0.88
9	Tan Eng Chua Edwin	2,293,000	0.72
10	Lim Poh Keng	2,250,000	0.70
11	Wong Yoke Lu	2,060,000	0.64
12	Goh Peng Hock	2,000,000	0.63
13	Yan Kim Poh	1,950,000	0.61
14	DBS Nominees Pte Ltd	1,915,000	0.60
15	Tomasz Jakub Mialkos	1,908,000	0.60
16	United Overseas Bank Nominees Pte Ltd	1,805,000	0.56
17	DBS Vickers Securities (S) Pte Ltd	1,661,000	0.52
18	OCBC Nominees Singapore Pte Ltd	1,317,000	0.41
19	Wong Ying Kit	1,148,000	0.36
20	DBSN Services Pte Ltd	1,140,000	0.36
Total		253,898,258	79.46

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 18 March 2011, approximately 35.7% 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, 403 Havelock Road, Singapore 169632, Prince 2, Level 13 on Thursday, 28 April 2011 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 2010 and the Reports of Directors and Auditors thereon. **Resolution 1**
2. To approve the Directors' Fees of S\$84,055 for the financial year ended 31 December 2010. **Resolution 2**
3. To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:-
 - (a) Mr Chuah Seong Phaik **Resolution 3**
 - (b) Ms Lee Su Nie **Resolution 4**

(See Explanatory Note 1)
4. To re-appoint BDO LLP 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** **Resolution 6**
 - (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

NOTICE OF ANNUAL GENERAL MEETING

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

(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.

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 13th day of April 2011.

By Order of the Board

Toon Choi Fan
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

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) Mr Chuah Seong Phaik will, upon re-election as a Director of the Company, remain as the Chairman of Audit and Nominating Committees and a member of Remuneration Committee of the Company.
 - (b) Ms Lee Su Nie will, upon re-election as a Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees.
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.

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Important:

1. For investors who have used their CPF monies to buy Unified Communications Holdings Limited's shares, this Annual Report 2010 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

--	--	--	--

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, 403 Havelock Road, Singapore 169632, Prince 2, Level 13 on Thursday, 28 April 2011 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 2010 and the Reports of Directors and Auditors thereon.	Resolution 1		
2.	To approve the Directors' Fees of S\$84,055 for the financial year ended 31 December 2010.	Resolution 2		
3.	To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:- (a) Mr Chuah Seong Phaik (b) Ms Lee Su Nie	Resolution 3 Resolution 4		
4.	To re-appoint BDO LLP 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 _____ 2011

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.



Associate
Member

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