

A STORY IN UNIFIEDCOMMSVILLE



* Roaming Callback



* Ringback Tone



* Emoticon



* Collect Call



5.40PM @ AIRPORT



* Subscriber Availability Alert / Notify Me

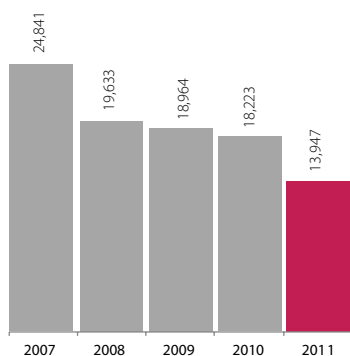


WILL THEY MEET ? FLIP TO THE BACK TO FIND OUT

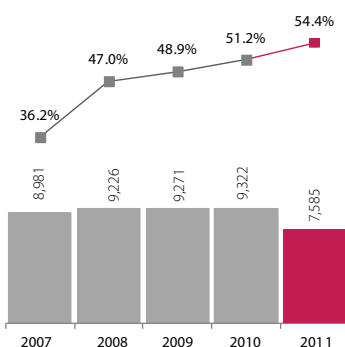
Annual Report 2011

Financial Highlights

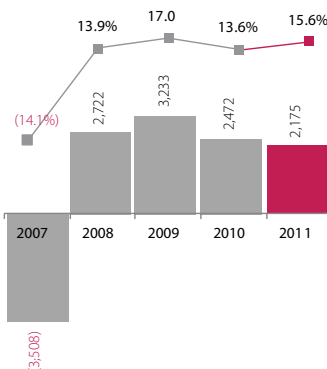
Revenue (S\$000)



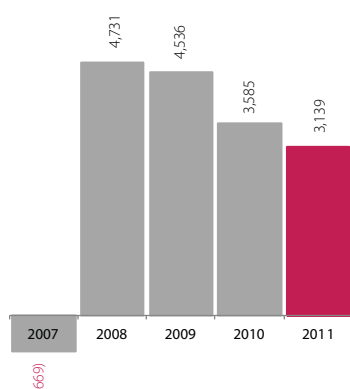
Gross Profit (S\$000) & Gross Profit Margin (%)



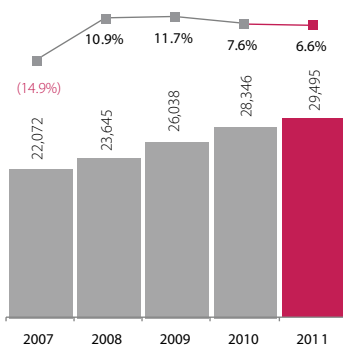
Net Profit (S\$000) & Net Profit Margin (%)



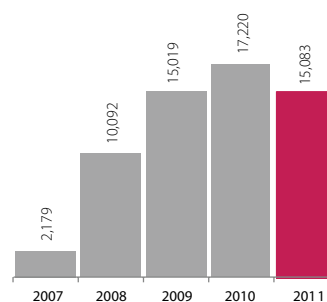
EBITDA/(LBITDA) (S\$000)



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



Cash & Cash Equivalents (S\$000)



Consolidated Income Statement Data

(In S\$'000 except per-share amounts)
Years ended 31 Dec

	2007	2008	2009	2010	2011
Revenue	24,841	19,633	18,964	18,223	13,947
Gross profit	8,981	9,226	9,271	9,322	7,585
Total operating expenses	13,679	9,266	8,020	9,188	7,683
EBITDA/(LBITDA)	(669)	4,731	4,536	3,585	3,139
Profit/(loss) before income tax	(3,227)	2,733	3,287	2,801	2,435
Net profit/(loss)	(3,508)	2,722	3,233	2,472	2,175
Basic earnings per share (cents)	(1.11)	0.78	0.91	0.65	0.60

Consolidated Balance Sheet Data

(In S\$'000 except per-share amounts)
Years ended 31 Dec

	2007	2008	2009	2010	2011
Total assets	36,514	33,020	34,810	35,670	34,662
Working capital	14,241	18,234	16,490	18,151	17,659
Cash and cash equivalents	2,179	10,092	15,019	17,220	15,083
Borrowings	176	109	10	-	-
Shareholders' equity	22,072	23,645	26,038	28,346	29,495
Net asset value per ordinary share (cents)	6.91	7.40	8.15	8.87	9.23

Leave It to Us To Deliver Solutions for Performance Optimisation

At Unifiedcomms Group we have eight solutions to offer to mobile network operators and telecoms service providers. Each solution addresses a specific business optimization 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 network operators to recapture lost revenue opportunities from voice calls by improving call completion.



Mobile Media Service Delivery

Helps mobile 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 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 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)



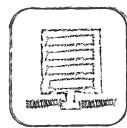
Subscriber Service Access Optimisation

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 network operators to craft and quickly implement new marketing plans and strategies to extract maximum performance from each individual service.

Annual Report 2011 Contents

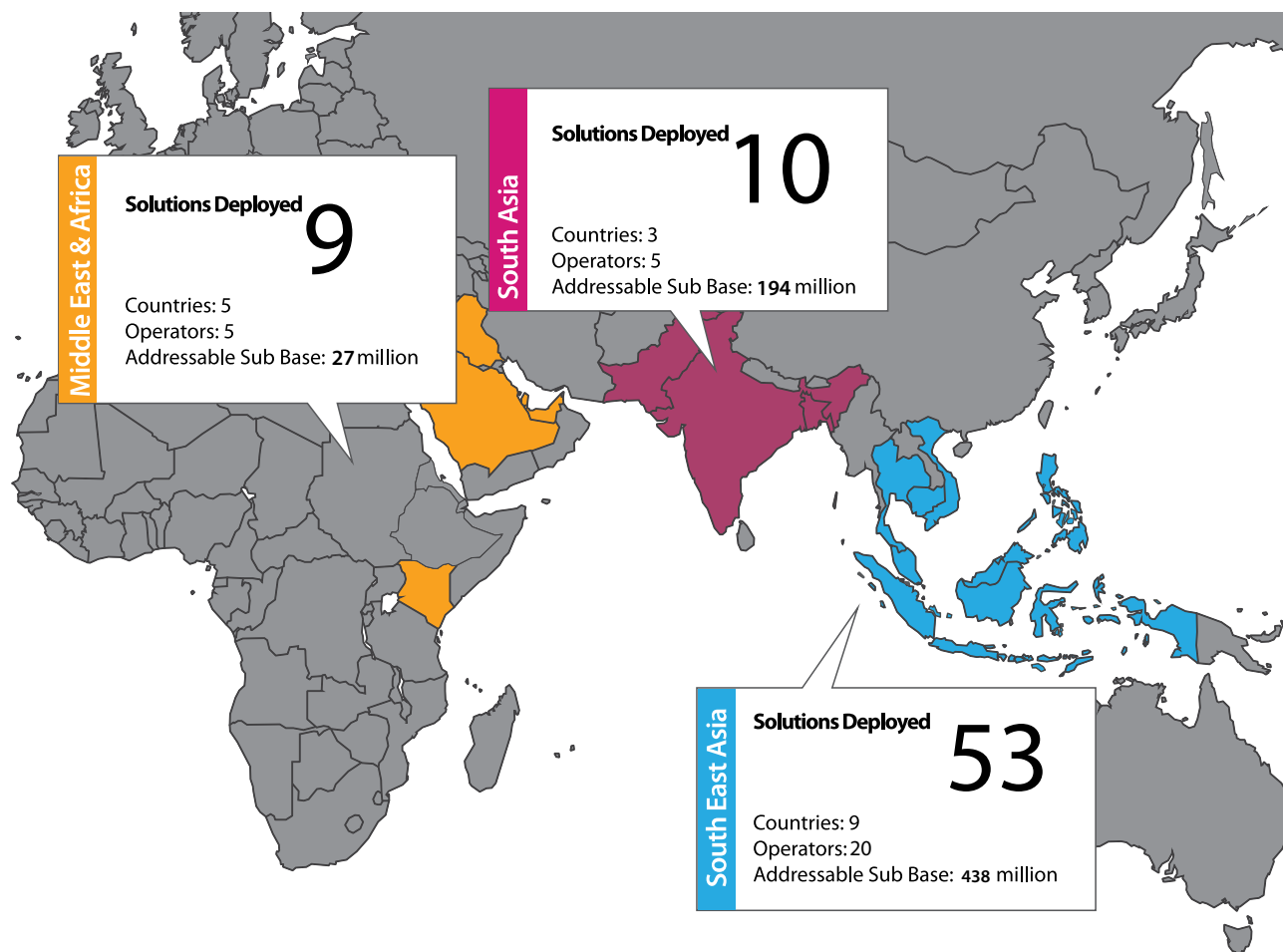
Financial Highlights (inner cover) / Leave it to Us (pg 1) / Solution Deployment Footprint 2011 (pg 2) / Executive Chairman's Letter (pg 3) / Chief Executive's Message (pg 5) / Corporate Information (pg 11) / Board of Directors (pg 12) / Key Executive Team (pg 14) / Corporate Governance Report (pg 17) / Financial Statements (pg 24) / Statistics of Shareholdings (pg 85) / Notice of Annual General Meeting (pg 86) / Proxy Form (enclosed)

Solution Deployment Footprint

Our Install Base as at End-2011

By the end of the 2011 financial year we had 72 solutions implemented in 30 mobile network operators and integrated telecom service providers in 17 countries around the world. These customers of ours had amassed a combined base of some 659 million subscribers.

For this year's annual report we've used the front and back covers as sketch pads to illustrate the usage scenarios and context for these solutions that power some of the more popular mobile value-added-services (VAS). Among the Unifiedcomms solutions you'll see shown in action are: Colour SMS, Ringback Tone and Emotical (Subscriber Service Personalisation); Roaming Callback (Roaming Revenue Optimisation); Friend Finder and Place Finder (Mobile Media Service Delivery); Missed Call Notification, Mobile Subscriber Availability Alert / Notify Me, Collect Call and Voice SMS (Voice Revenue Optimisation); and Network Generated Message Ads/ Mobile Ad (Interactive Mobile Marketing and Advertising).



Annual Report 2011

Executive Chairman's Letter

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 2011.

A disappointing year for all our BUs

Our Group entered the 2011 financial year on a strong footing yet again, having had three profitable years behind us as well as the availability of a significant cash reserve to put to work towards growing our business. However, 2011 ultimately proved to be a disappointing one for all three of our business units.

Our mobile technologies business (TECH BU), mobile value-added-services business (VAS BU), and operation support systems business (OSS BU), all turned in lower revenue and gross profit in 2011. TECH BU's revenue for 2011 was S\$5.8 million, down 11% against S\$6.5 million achieved the year before. Similarly, VAS BU suffered a decline in revenue, with its 2011 revenue being 24% lower this year at S\$3.4 million compared to S\$4.5 million last year. OSS BU suffered the sharpest decline, delivering revenue of S\$4.5 million for the year, down 38% against the S\$7.2m it achieved in 2010. These three businesses each contributed their part to the S\$4.3 million decrease in 2011 Group revenue to S\$13.9 million.

Gross profit achieved by our Group was also lower this year, in line with the lower revenue recorded. However, the magnitude of the decline was lower than that of revenue – falling only by 19%, as opposed to the decline in revenue of 24%. This reflected the higher average gross profit margin for the year of 54%, which resulted from the more favourable sales mix for 2011, where higher margin managed service contract revenues comprised 64% of Group revenue for the year.

Group profit before tax for 2011 came in at S\$2.4 million, about 14% lower compared to the S\$2.8 million delivered the year before. Our profit after tax for the year meanwhile was S\$2.2 million, 12% lower than the S\$2.5 million achieved last year.

Official removal from the SGX Watch List and our fourth consecutive year of profitability

Although we had a disappointing year in terms of failing to better our financial results of 2010, the year was significant in that it represented our fourth consecutive year of profitability. Midway through 2011 we received formal notification from SGX that our application to be removed from the Watch List pursuant to the alternative exit criteria under Rule 1314 of the Listing Rules of the Singapore Exchange (SGX) had

been successful. If you can recall, this alternative exit criteria which we had been aiming to fulfil in order to apply for removal from the Watch List, involved the achievement of a minimum cumulative pre-tax profit of S\$7.5 million over three consecutive financial years of pre-tax profitability. To extend this track record of profitability beyond 2010 had been the goal of our management team all along. For 2011 the further objective was to also return our Group to a growth path after the downtrend experienced in 2010. Unfortunately we could not deliver this, and a year of lower revenue and profits was returned instead.

Although Group revenue declined by 24%, our net profit for 2011, both before and after tax, only declined by about half that percentage. TECH and OSS BU both recorded lower profit for the year. The flow-down effect of lower revenue in 2011 was apparent in the TECH BU 2011 net profit of S\$0.7 million, which was 77% lower than the net profit of S\$3.1 million recorded in 2010. OSS BU similarly saw its profitability decline, with the S\$0.5 million net profit for 2011 being 55% lower compared to the net profit of S\$1.1 million delivered the year before. Our VAS BU, aided by the profit contribution of the associate company, Ahead Mobile Sdn Bhd, and the absence this year of the sizeable impairment loss and provisions of 2010, was the only market-facing BU to better its 2010 bottom line performance this year. The decline in profitability of TECH and OSS BU this year and their impact on our Group's bottom line was however cushioned by the rental income and revaluation gain we recorded for our investment property in Plaza Sentral.

Unfavourable market conditions for system sales

At the bottom of the lower revenues and profitability of our three market-facing BUs in 2011 (omitting the effect of exceptional items on their income statements), was the sharp decline in system-sale contract revenues. This was a common theme across all our BUs this year. OSS BU's 38% decline in revenue versus 2010 is almost entirely accounted for by lower system-sale contract revenues. Ditto VAS BU, which suffered the second largest revenue decline against 2010 and TECH BU, whose 11% fall in revenue was also attributable to lower system-sale contract revenue. This trend is not expected to dramatically reverse in the near future, and serves to underscore the urgency and significance of building a bigger base of managed service contract revenues to drive our future profitability.

To this end, a renewed 3-year business plan has been conceived and will be implemented by our management team in 2012. This plan acknowledges and tackles what seems to be a persisting slowdown in the system sale market for our existing platform products in TECH and VAS BU, as well as the

Annual Report 2011

Executive Chairman's Letter

need to broaden and strengthen the third-party product range and managed services-offered by our OSS BU. One of the key aspects of the plan is to redirect our emphasis and approach to product development, to foster a decidedly more 'end-user-application-service' focused design and development ethos rather than a 'platform product' leaning that we have been adopting so far. There will be some changes in how we do our development as well as how we position ourselves in the market. These changes will further us in our path to restore organic growth in each of our three market-facing BUs, primarily by enhancing our capabilities to grow our managed service contract portfolio, as well as create new system-sale contract opportunities where the appetite to purchase a system still exists.

In addition, 2012 will also be a year in which work will be done on identifying new market segments within the broader ICT industry in which our Group can participate – segments which can offer meaningful growth and that also allow us to make best use of the existing capabilities and capacities of our BUs.

Continuing to augment organic growth with growth by acquisition

The need to restore growth to our business is glaring when we examine the return on shareholders' equity (ROE) metric for our Group. ROE for the year fell further to 6.6%, below the 7.6% achieved in 2010, and well below the 11.7% secured in 2009. In 2011 we completed the acquisition of the investment property in Plaza Sentral – an investment made to maximise the return on our available capital while we identified opportunities for acquisition or strategic investment. In the second half of the year, we worked to secure the acquisition of the remaining 60% equity interest in Ahead Mobile Sdn Bhd to turn this associate company into a wholly-owned subsidiary. This acquisition, which was completed in January 2012, will serve the purpose of consolidating our interest in VAS delivered on managed service, revenue sharing model and strengthen the resources and capabilities within the control of our Group, to nurture growth in managed service revenues across our regions of focus. Other prospective acquisitions were also worked on throughout the year, but none save for the Ahead Mobile opportunity progressed to the final stage. The work to continue to identify, screen and engage on new acquisition and strategic investment opportunities will be sustained through 2012.

Balance sheet strength and sustained dividend payout track record

Apart from completing the investment property acquisition and placing the initial deposit on the acquisition of the

remaining 60% equity interest in Ahead Mobile Sdn Bhd, our investments in 2011 were confined to reinvestment in our existing businesses for product development as well as in assets to support the fulfillment of new and existing managed service contracts. As a result, we continued to have a strong balance sheet at year-end 2011: zero borrowings and ample cash and cash equivalents of S\$15.1 million. This was also after declaring and paying to shareholders a dividend for the second year running. We had on 13 September 2011, paid a tax-exempt interim dividend of 0.1 Singapore Cents per share. In 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 2011.

In gratitude to our people

2011 was a rather difficult year for our Group. Across our three market-facing business units, each had challenges to face yet again, and opportunities to address. To the talented and spirited individuals that make up the Unifiedcomms Group, I extend my deepest gratitude for your continued commitment and dedication. I look forward to continuing to work together with all of you to drive our business onwards and upwards.

Wong Tze Leng
Group Executive Chairman

29 March 2012

2011 Year in Review

Chief Executive's Message

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 2011 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 in the telecommunications markets within three regions of focus: South East Asia (SEA), South Asia (SA) and Middle East and Africa (MEA). With the exception of Malaysia, Singapore and Pakistan, 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 or 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 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 2011, we had a total of 179 people employed across all our Group's subsidiaries. This number of course excludes the headcount of our jointly-controlled entity and associate company. The majority of our personnel are located in Malaysia, where our operational headquarters is situated, while the rest work out of Singapore, Pakistan and Thailand.

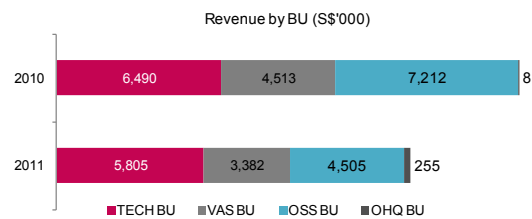
Our business is currently organised into 3 market-facing business units: a Mobile Technology Business Unit (TECH BU); a Mobile Value-Added-Services Business Unit (VAS BU); and an Operation Support Systems Business Unit (OSS BU). In addition, we have an Operational Headquarters

Business Unit (OHQ BU) which is not market-facing but serves primarily as a shared resource hub that provides a variety of front and back-office support services to our three market-facing business units. This year however, OHQ BU also shows some external revenue being generated. This external revenue is the rental income yielded by the investment property acquired by our Group in 2011.

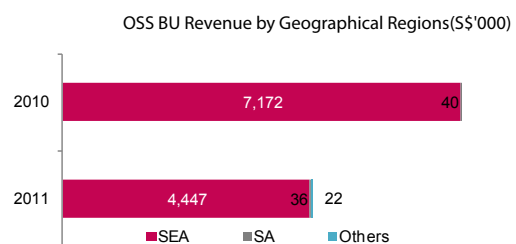
A slow and disappointing year for our market-facing BUs

The 2011 financial year was a slow and disappointing one for our market-facing BUs, all of which recorded declines in revenue against their 2010 results. The one BU which showed an improvement in top-line performance against 2010 results was OHQ BU, which recorded S\$0.3 million in revenue versus nearly zero for the prior year. This external revenue credited to OHQ BU for 2011 does not however count as core business income, given that it relates to passive rental income from the investment property acquired at the start of the year.

Looking more closely at the performance of our three market-facing BUs, we can start at TECH BU, which recorded a 11% decline in revenue, ending the year with topline of S\$5.8 million. VAS BU meanwhile ended the year 25% down on the year before, closing the year with S\$3.4 million in revenue. Likewise for OSS BU, the 2011 financial year turned out to be a rather disappointing one compared to 2010. OSS BU revenue in 2011 declined sharply by 38% to S\$4.5 million, versus S\$7.2 million delivered the year before.



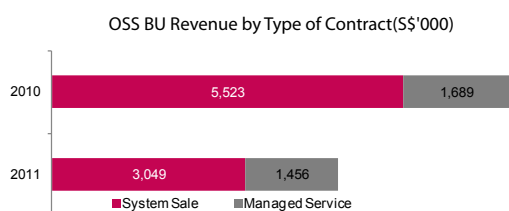
In 2010, our OSS BU had benefited from the conversion of substantial system-sale contract opportunities secured in the SEA region. System-sale contracts have been the predominant contract type driving the growth of OSS BU between 2008 and 2010. So when OSS BU was faced with slower than expected progress in converting new system-sale opportunities in 2011, its total revenue was significantly impacted.



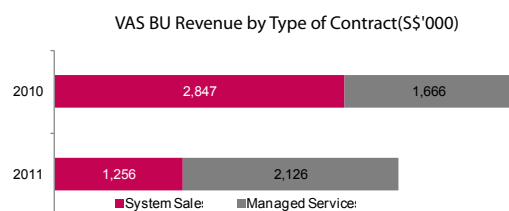
2011 Year in Review

Chief Executive's Message

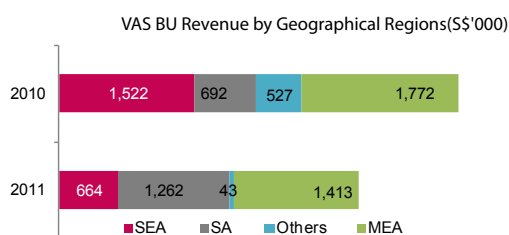
The S\$2.7 million decline in revenue from the SEA region is mirrored by the S\$2.5 million drop in system-sale contract revenue of OSS BU between 2010 and 2011. There was unfortunately no offsetting effect to be had from managed service contracts of OSS BU, which contributed S\$1.5 million in revenue in 2011 – down by almost S\$0.2 million from the S\$1.7 million achieved in 2010 for managed service contract revenue.



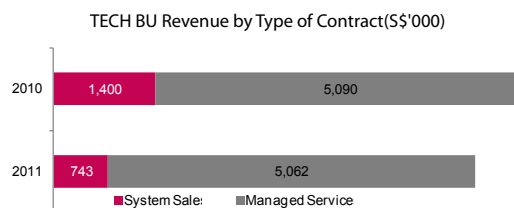
The BU with the second largest decline in year-on-year revenue, VAS BU, similarly saw its system-sale contract revenues shrink from S\$2.8 million to S\$1.3 million in 2011, a year-on-year decline of 54%.



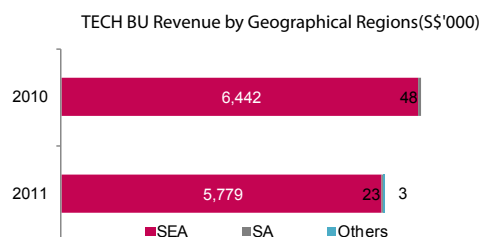
The decline in VAS system-sale contract revenues reflects the drop in VAS BU revenues from both MEA and SEA regions of 22% and 53% respectively from the year before, to S\$1.4 million and S\$0.7 million in 2011. This, coupled with the absence of revenue contribution from its former subsidiary in Hong Kong - the disposal of which was completed mid-way through 2011 - resulted in VAS BU total revenue for the year being S\$1.1 million or 25% lower than in 2010. VAS BU sales results from the SA region showed encouraging growth of 82% against 2010, driven entirely by an improvement in managed service contract revenues. This jump in SA region revenue in 2011 was however not significant enough in absolute terms to offset the adverse effect of the slump in MEA and SEA sales, on overall VAS BU financial performance for the year.



TECH BU, which suffered the smallest year-on-year drop in total revenue among all our market-facing BUs, also saw its relatively less severe revenue decline stem from lower system-sale contract revenues. TECH BU revenue from system-sale contracts fell from S\$1.4 million to S\$0.7 million in 2011 while managed service revenues was flat against 2010 results, remaining at S\$5.1 million.

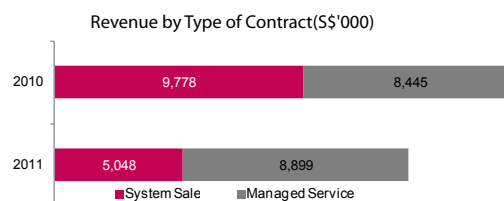


With TECH BU revenues being derived almost entirely from the SEA region, much like OSS BU, TECH BU SEA region revenues reflects the S\$0.7 million decline in system-sale contract revenues in 2011.



Group-wide system sales decline

What was common to TECH, VAS and OSS BU in 2011 was the significant slowdown in system-sale contract activities. The substantially lower system-sale contract revenues at all three of our market-facing BUs this year accounted for almost all of the S\$4.3 million decline in total Group revenue. While we managed to further grow managed service contract revenue from S\$8.4 million to S\$8.9 million in 2011, this improvement of S\$0.5 million did not do much to countervail the significant decline in system sale revenue that resulted in our Group ending the year with S\$13.9 million in consolidated revenue, as opposed to the S\$18.2 million achieved for 2010.

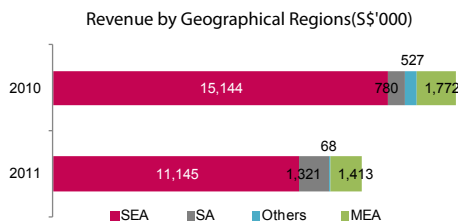


At the beginning of 2011, we expected the year to be a challenging one for both VAS and TECH BU, on account of the civil unrest and political instability rippling through the MEA

2011 Year in Review

Chief Executive's Message

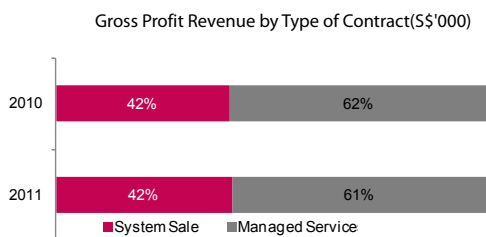
region. The MEA region's contribution to total Group revenue indeed further declined in 2011 to S\$1.4 million from S\$1.8 million the year before. However the region that proved most disappointing was SEA, which contribution fell from S\$15.1 million to S\$11.1 million – on account of the soft system-sale revenues of all three of our market-facing BUs, most of all at OSS BU.



In spite of the 26% decline in revenue contribution, our Group continues to count SEA, our home region, as the largest geographic source of revenue and gross profit yet again, accounting for 80% of Group revenue. The SEA contribution for 2011 was marginally down from 83% in 2010, due to the substantial percentage growth in managed service contract revenue from the SA region in 2011.

Importance of managed service contract revenues underscored

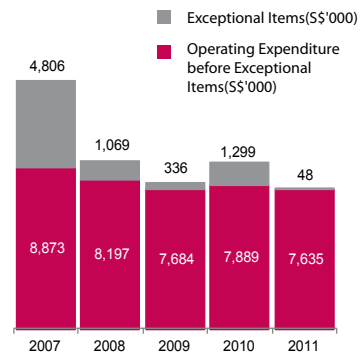
Even though our Group achieved consolidated revenue of S\$13.9m for the 2011 financial year, a sizeable 23% decrease against 2010 revenue, absolute gross profit achieved for the year fell only by 19%. This was due largely to the sales mix achieved in 2011 – where the higher gross profit-margin managed service contract revenues accounted for more than 64% of total Group revenue – that resulted in Group gross profit margin touching 54%, up from 51% the year before.



The 2011 financial year certainly underscored the importance of continuing to build our Group's managed service contract revenue base and reducing the significance of lumpy system-sale contract based revenues. During this year we managed to achieve our target sales mix of greater than fifty percent of Group revenue being derived from managed service contracts but failed to deliver on the joint goal of positive, total year-to-year revenue growth.

Lower total opex this year, before and after exceptional items

On a more favourable note, our Group's operating expenditure for the year decreased to S\$7.7 million as compared to S\$9.2 million in 2010. The main reason for the decrease is the absence of the one-off charges totaling S\$1.2 million that were booked last year in relation to impairment loss and provisions on plant and equipment and development costs of certain managed service contracts of VAS BU. Excluding the effect of exceptional items, our opex for the year was S\$0.2 million lower at S\$7.7 million compared to S\$7.9 million for 2010.



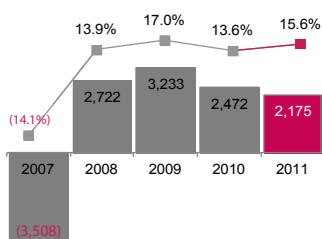
Lower net profit and but higher net profit margin

In 2011 we achieved our fourth consecutive year of being in the black. Group net profit for the year, although positive at S\$2.2 million, was 12% lower than the S\$2.5 million achieved in 2010. The decline in our Group's bottom line reflected the 23% lower Group revenue and the 19% decline in Group gross profit. In 2010 the substantial exceptional item of impairment loss and provisions on certain managed service contracts weighed heavily on our Group's net profit results. This year, it was the sharp decline in system-sale contract revenues and associated gross profit contribution to Group gross profit that affected our Group's bottom line. In spite of lower absolute net profit, net profit margin increased from 13.6% to 15.6%. The lift in net profit margin can be attributed to several key factors: higher Group gross profit margin, rental income earned from our investment property; as well as a fair value gain of S\$0.4 million being recorded on the same investment property.

2011 Year in Review

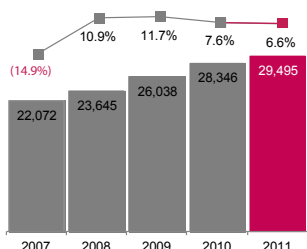
Chief Executive's Message

Profit/(Loss) for the Year(S\$'000) & Net Profit Margin(%)



Because of the lower net profit delivered in 2011, our Group's return on equity (ROE) for 2010 further declined to 6.6% from the 7.6% achieved in 2010. This outcome for 2011 was certainly a very disappointing one for our management team since we had been working to return our Group to double-digit ROE, after an already disappointing 2010. Although we did not manage to do so this year, we did however achieve two significant milestones: the first of which was to extend our dividend payout track record by paying our second dividend of 0.1 Singapore Cents per share, and secondly, to be officially removed from the SGX Watch List in June 2011.

Shareholders Equity (S\$'000) & Net Profit Margin (%)



Driving profit growth by acquisition

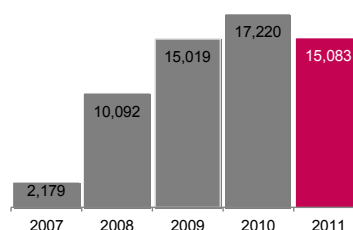
At end-2010, we continued to have more than sufficient capital to augment our organic growth plans with growth by acquisition and strategic investment. This was a key element of our renewed plan first conceived in 2009 to drive further Group profit growth and to significantly uplift our ROE performance. It was a performance improvement plan that we continued to pursue through 2011. In early 2011 we completed the acquisition of our investment property in MSC-status Plaza Sentral, Kuala Lumpur. To recap, 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. Within the period of one year, this investment has positively contributed substantial passive income to our Group, while we pursue our organic growth and growth-by-acquisition strategies.

In the latter part of 2011 we entered into an agreement to acquire the remaining 60% equity interest in our associate company within VAS BU –Ahead Mobile Sdn Bhd. Following the EGM held in December 2011, we proceeded to complete the acquisition in January 2012. The completion of this acquisition translates to Ahead Mobile Sdn Bhd becoming a wholly-owned subsidiary of our Group in the 2012 financial year, allowing us to further our long-held strategy of growing recurrent, managed service contract revenues to in turn, bolster Group profitability and ROE.

Reviewing our 2011 balance sheet positions

Now to turn to our Group's balance sheet as at the end of the 2011 financial year. We ended 2011 with lower current assets of S\$21.5 million, as compared to S\$24.4 million as at end-2010. This can be attributed to the net decrease in cash and cash equivalents from S\$17.2 million to S\$15.1 million – arising largely from payment of consideration for the investment property acquired early in the year.

Cash and Cash Equivalents (S\$'000)



Our total non-current assets increased by S\$1.9 million in 2011, to close at S\$13.1 million as at 31 December 2011, compared to the balance of S\$11.2 million as at the end of the previous financial year. This increase is also attributable primarily to the acquisition of the investment property in Plaza Sentral, Kuala Lumpur. The impact of this acquisition on total non-current assets was however offset by the decrease in non-current receivables arising from the collection and reclassification of the non-current portion of a trade receivable to current.

Total liabilities of our Group as at 31 December 2011 decreased by S\$2.4 million or 38%, from S\$6.3 million as at 31 December 2010 to S\$3.9 million. The decrease in liabilities in 2011 had been due to the reduction in trade and other payables. In terms of debt, we remained debt free at the close of the 2011 financial year.

Reviewing movements in Group cash

Our Group's cash from operations for 2011 was S\$2 million, compared to S\$4.2 million in the preceding year. This decrease

2011 Year in Review

Chief Executive's Message

in cash from operations is mainly attributable to the decrease in our sales and the impact of this decline on the collections of receivables. Our operating cash flow before working capital changes for 2011 decreased to S\$1.3 million as compared to S\$3.5 million for 2010. This is due to our Group's lower profit before tax of S\$2.4 million in 2011 as compared to the profit before tax of S\$2.8 million achieved in 2010.

In terms of cash flows relating to the investment and financing activities of our Group, in 2011 we invested S\$3.2 million of our capital towards completing the acquisition of the investment property in Plaza Sentral. We also 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. Both of these investment items combined, amounted to S\$1.8 million for 2011, versus S\$3.1 million in 2010. The dividends received from Ahead Mobile Sdn Bhd during the year amounted to S\$1.6 million versus S\$0.5 million in the prior year. The other major cash outflows in 2011 are: the placement of deposits relating to performance bonds on certain system-sale contracts plus security on newly activated trade banking facilities, and our second dividend payment to you, our shareholders, in the third quarter of the year, amounting to S\$0.3 million. This latter cash outflow is something that the management team and Directors of our Group will continue to work hard on to deliver as a regular feature of future years.

Discerning what the short term future holds

We expected competition to further intensify in 2011, especially in the market segments occupied by the more mature software products of TECH BU and VAS BU. As such, for our TECH and VAS BUs, defending their market position in SEA was a top priority for the year. On the whole, we managed to achieve this objective. Unfortunately our progress for the year to secure top line and bottom-line growth was hampered by the reduced overall spending and what appeared to be either a deferral or deprioritisation of expenditure budgets yet again, among our mobile network operator customers for the types of solutions, products and services our Group offers across all our market-facing BUs. We saw this in all our regions of focus, including our home region of SEA. The impact of this disappointing development which unfolded during the 2011 financial year has certainly been reflected in system-sale contract revenues for 2011, and highlighted the importance and urgency of building a sustainable growth platform on managed service contract revenues. We proceeded with the implementation process for several new managed service contracts of a revenue-sharing nature in 2011. However, the completion of many of these implementation projects were

also affected by delays due to among other things, lack of integration readiness of our customer-partners or of their own systems. Three new managed service contracts in the SA region were beset by these issues, which led to us missing our target to achieve service launch within 2011. One new system of ours in the SEA region on the other hand, was successfully implemented and the end-user service it powers launched in the second half of the year. Another existing service also provided on managed service, revenue sharing basis in the SA region was re-launched on an improved commercial model. The SEA contract has remained in the introduction phase, while the re-launched service under the SA contract has turned into a roaring success within a relatively short period of 3 months from service re-launch. The picture that we can expect to see in the near future for our three market-facing BUs in their existing market segments, is similar to the outcomes of the story of these managed service contracts: mixed and not without challenges.

Challenges and opportunities in the new year ahead

Apart from the contribution of existing long-standing managed service contracts, the bulk of the revenues that are expected to be realized by TECH BU in 2012 is expected to continue to be 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 remains a very difficult matter to predict. The same applies for VAS BU in 2012, which continues to have MEA as a significant source of sales opportunities. Some of the new MEA system-sale contracts secured in 2010 and 2011 that have been delayed in implementation due to factors beyond our control, are expected to complete in 2012.

I am also hopeful that several of the newly implemented managed service contracts as well as the further new contracts that have been secured and are expected to be secured by VAS BU (including by Ahead Mobile Sdn Bhd, as a subsidiary of our Group within VAS BU in 2012), will meet revenue and profit expectations and augment the strong performance expected from existing contracts. The adverse market environment for TECH and VAS BU system-sale contract opportunities is not expected to change this year. Because of this, I expect 2012 to continue to be a challenging year for these two BUs of ours, especially as we continue to work through the process of building our managed service contract revenues to levels that would more than offset the decline we have seen in system-sale contract contribution to Group top-line.

Our OSS BU on the other hand, which faced a disappointing year in 2011, goes into 2012 with good prospects to improve

2011 Year in Review

Chief Executive's Message

its top and bottom-lines. Apart from being driven by the increasing need to monitor service quality in the wake of rapid growth in mobile data consumption – of the mobile broadband / mobile internet variety – across most of SEA, especially in Malaysia, Singapore, Indonesia and Brunei, more and more mobile telecommunications network operators enterprises have been looking for solutions for service level management. The unfolding of the mobile internet and high speed broadband story in SEA continues to bode well for our OSS BU in the medium-to-long term.

Looking to the new year and beyond, the common challenge I can see being faced by our three market-facing business units is less to do with the labour market, which was highlighted last year as key challenge. This is not to say that we no longer face recruitment challenges. Recruitment challenges persisted in 2011 for the type of technical skills, experience and talent we require to fuel our growth and development plans. I expect this to continue to be the case in 2012. However this does not feature as the most significant challenge we are expected to face. Recruitment plans have been revisited and rationalized, in light of the more pressing need to address the sustained decline we have been observing in the system-sale market.

Granted, we are prepared to address the growing managed service opportunities favoured by most mobile network operators for the types of network VAS that our proprietary systems and technologies power. 2012 has shown us yet again, that managed service contracts, including those of a revenue-sharing nature, which we will continue to aggressively pursue and aggregate in 2012, on the average 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 contracts cannot be expected to be the primary driver for growth of our Group's revenue and profit – and certainly not one that can be expected to offset the likely decline in system-sale contract revenues over the short term.

A key feature of the new 3-year business plan being detailed out and implemented in 2012 is to re-orientate the direction of product and technology development for our TECH and VAS BUs towards the design, development and service management of end-user mobile value-added-services, and away from mobile VAS 'platform products' as we have been doing over the past 6 years. This means a change in approach, as well as emphasis, in how we do our product development and how we market and sell our wares. The newer software products that our VAS and TECH BUs have developed over the past three years to address the growing interest in mobile internet-driven value added services,

mobile media services and applications delivered on an advertisement-supported or advertisement-funded model, and interactive mobile marketing, all require this approach and emphasis. Last year, I wrote of the opportunity to establish our Group as one of the most significant players in this next-generation of IP-driven mobile VAS in SEA. This remains an overriding goal that is aligned with the emphasis being placed on managed service contract revenue growth. To realize this, we will continue to augment our organic growth initiatives with growth by acquisition and strategic investment.

In addition to bolstering and renewing our approach to achieve growth within these existing market segments addressed by our three market-facing BUs, we will also be identifying new market segments to address – segments within the broader ICT industry which can utilize or leverage on the existing capabilities and competencies of our BUs.

In gratitude

In closing my report to you on the 2011 financial year, I would like to once again express my gratitude to all the dedicated, determined and talented people that make up the Unifiedcomms team across all our business units. Much hard work was put into the year and the new year ahead will not be different. 2012 will bring its own challenges. I am however certain that we will make a success of the coming year by being well prepared to work together yet again, to tackle with boldness and creativity, both these challenges and the new opportunities that come our way.

Anton Syazi Ahmad Sebi
Group Chief Executive Officer

29 March 2012

CORPORATE INFORMATION

Board of Directors	:	Wong Tze Leng Anton Syazi Ahmad Sebi Lee Su Nie Chuah Seong Phaik Phuah Peng Hock	(Group Executive Chairman) (Group Chief Executive Officer) (Non-Independent Non-Executive Director) (Independent Director) (Independent Director)
Company secretaries	:	Tan Siew Hua, ACIS Toon Choi Fan, ACIS	
Registered office	:	168, Jalan Bukit Merah Connection One, 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: Lim Ai Leen Appointed from the financial year ended 31 December 2011	
Bankers	:	DBS Bank Ltd HSBC Bank Malaysia Berhad	

BOARD OF DIRECTORS

Wong Tze Leng

Group Executive Chairman

Mr Wong Tze Leng was appointed Executive Chairman of the Company and the Group on 10 August 2010. Tze Leng 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. Tze Leng has over 20 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. Tze Leng 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.

Anton Syazi Ahmad Sebi

Group Chief Executive Officer

Mr Anton Syazi Ahmad Sebi was appointed Chief Executive Officer of the Company and the Group on 10 August 2010. 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, Anton was with the South East Asia Investment Banking Division of Credit Suisse First Boston. He 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.

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.

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.

Su Nie 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. She is also a Fellow Member of The Association of Chartered Certified Accountants, United Kingdom.

In 1985, Su Nie joined Kassim Chan Management Consultants Sdn. Bhd. where she provided management consultancy services. Su Nie 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. Su Nie subsequently left her position as First Vice President, Corporate Finance of the Bank to join Advance Synergy Berhad in 1995.

Chuah Seong Phaik

Independent Director

Mr (Paul) Chuah Seong Phaik was appointed to the Board on 18 December 2003. Paul 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.

Paul 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.

Phuah Peng Hock

Independent Director

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

BOARD OF DIRECTORS

Peng Hock 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.

Peng Hock holds a Bachelor of Engineering (Hon) degree 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

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.

Ting Sai 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, Ting Sai 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.

Ting Sai graduated from the Nanyang Technological University with a Bachelor of Engineering (Hons) degree in Electrical and Electronic Engineering.

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, Wei Li 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.

Wei Li is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

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, Sai Kit 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, Sai Kit 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.

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

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 General Manager-Group Finance in March 2011.

Prior to joining the Group, Danson 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.

Danson 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.

Yong Choon Vooi

General Manager-Group Service Delivery

Mr Yong Choon Vooi ("CV") joined the Group in February 2008 and served as Senior Manager-Group Programme Management Office before being appointed General Manager-

KEY EXECUTIVE TEAM

Group Service Delivery in March 2011. CV 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.

CV 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, CV was the Senior Project Manager of a Malaysia-based firm that develops various solutions for the financial services industry. CV graduated with a Bachelor of Computer Science from Campbell University, Texas, USA.

Wong Kok Choy

Senior Manager-Software Development

Mr Wong Kok Choy ("KC") joined the Group in January 2003 and has a total of 11 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 product management, as well as overseeing the development of platform and application software products and systems of the Group.

KC 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.

KC graduated with a first class honours Bachelors Degree 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).

Loo Mun Chung

Senior Manager-Group Technical Implementation and Support

Mr Loo Mun Chung ("Loo") first joined the Group in 2001 as a telecommunications engineer and has progressed through the ranks to his current position. 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.

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

Ann Wan Kuan

Chief Executive Officer of GlobeOSS Sdn Bhd

Mr Ann Wan Kuan ("Ann") is CEO of GlobeOSS Sdn Bhd, the principal operating subsidiary of the Group's Operation Support Systems Business Unit (OSS BU), which provides the OSS solutions, services and software that drive next-generation communications networks.

Prior to setting up GlobeOSS, Ann has worked with Agilent Technologies & Hewlett-Packard, undertaking various leadership positions like SEA Consulting Manager for Hewlett-Packard, Asia Pacific OSS Manager for Agilent Technologies and Managing Director for Agilent Technologies Sales Malaysia. Throughout his 17 years of experience in the OSS and telecommunication industry, he has worked with more than 30 various mobile and fixed-line operators in the Asia Pacific region.

Ann graduated with a first class honours Bachelors Degree in Electronic Engineering from University of Manchester Institute of Science and Technology in 1993.

Lim Peng Kwong

Operations Director of GlobeOSS Sdn Bhd

Mr Lim Peng Kwong ("Lim") 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.

Lim has more than 15 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.

KEY EXECUTIVE TEAM

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.

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.

Executive Officer, LG Internet Inc., of LG Group (Korea). He has also served as professor in the Chosun University of Korea.

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

Cheah Foo Choong

General Manager of Mobilization Sdn Bhd

Mr (Darren) Cheah Foo Choong 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.

Darren 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, Darren 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.

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

Lee Yang Dong

Chief Executive Officer of Ahead Mobile Sdn Bhd

Mr Lee Yang Dong ("YD") is the CEO of Ahead Mobile Sdn Bhd, the company that was jointly established with Unified Communications Sdn Bhd and since January 2012, a wholly-owned subsidiary of the Group within VAS BU.

YD 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

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"), 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	4	4	4	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 12 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

Wong Tze Leng is the Executive Chairman of the Board and 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 Tze Leng and Anton are not members.

As the Chairman of the Board, Tze Leng is responsible for providing leadership to the Board and ensuring that the Board functions effectively, he is also 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 leads management and manages the business of the Group and executes business policies, strategies, objective and plans as formalised and adopted by the board.

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: -

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

All three Committee members are Non-Executive Directors of the Company. Except for 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.

CORPORATE GOVERNANCE REPORT

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

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

Pursuant to the Articles of Association of the Company:

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

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

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:

Phuah Peng Hock	(Chairman)
Chuah Seong Phaik	(Member)
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, 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

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⁾	

Note:

- (1) Pursuant to prevailing Service Agreement that expires on 18 December 2012, Wong Tze Leng's remuneration consists of fixed salary, performance bonus and benefits in kind.
- (2) Anton Syazi Ahmad Sebi's remuneration consists of fixed salary, allowance and performance bonus.
- (3) The remuneration in the form of Directors' fees is subject to the approval by the shareholders at the forthcoming AGM.
- (4) Fees are payable to Advance Synergy Berhad.

Remuneration of Key Executives

Details of remuneration paid to the top ten (10) key executives (who are not Directors of the Company) of the Group for the financial year is set out below. For competitive reasons, the Company is only disclosing the bands of remuneration of each executive for the financial year under review in Table C.

Name	Remuneration Bands	
	Up to S\$250,000	S\$250,001 to S\$500,000
Ho Ting Sai	X	
Chin Wei Li	X	
Ng Sai Kit	X	
Phang Deng Sheng	X	
Yong Choon Vooi	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:

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

Except for 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 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 fees paid to the external auditors for financial year ended 31 December 2011 amounted to S\$119,000 and S\$10,000 for audit and non-audit services respectively.

The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC have reviewed the appointment of different auditors for its overseas subsidiaries and significant associate and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. The

Company is in compliance with Rules 712, 715 and 716.

The Group has implemented a whistle blowing policy adopted by the Board. The policy provides avenue for staff of the Group to raise concerns on any possible misconducts in the Group or improprieties in relation to financial reporting and other matters.

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 company listed on the Main Market 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.

Based on the AC's review, the Board is satisfied that the system

CORPORATE GOVERNANCE REPORT

of internal control is adequate to meet the needs of the Group in its current business environment.

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 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.unifiedcomms.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 and the Group.

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(19))

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

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

RISK MANAGEMENT

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

The practice of risk management is undertaken by the CEO, 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 29 to the Financial Statements, on page 70 to 74 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 2011, disclosed in accordance with Rule 907 of 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)	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
AESBI Power Systems Sdn Bhd*	278	302	-	-

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)*

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 2011 and the statement of financial position of the Company as at 31 December 2011 and the statement of changes in equity of the Company for the financial year ended 31 December 2011.

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 or nominee		Shareholdings in which Director is deemed to have an interest	
	At 1.1.2011	At 31.12.2011	At 1.1.2011	At 31.12.2011
The Company				
Unified Communications Holdings Limited				
(Ordinary shares)				
Wong Tze Leng	19,034,329	19,034,329	–	–
Anton Syazi Ahmad Sebi ^(a)	2,800,000	4,100,000	–	–
Lee Su Nie ^(b)	200,000	200,000	–	–
Chuah Seong Phaik	–	–	1,000,000	1,000,000
Ultimate holding corporation				
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
Related corporation				
Acrylic Synergy Sdn Bhd				
(Ordinary shares of RM1.00 each)				
Anton Syazi Ahmad Sebi	1	1	–	–

Notes:

(a) The direct shares of Anton Syazi Ahmad Sebi are held through Raffles Nominees Pte Ltd

(b) The direct shares of Lee Su Nie are held through Phillip Securities Pte Ltd

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 January 2012.

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 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 and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2011 before their submission to the Board of Directors, as well as the auditors' report;
- (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 auditors of the Group.

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

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

REPORT OF THE DIRECTORS

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 2012

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 2011 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 2012

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UNIFIED COMMUNICATIONS HOLDINGS LIMITED

Report on the 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 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 29 to 84.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of 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 statements of financial position and to maintain accountability of assets.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and 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 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

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 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$'000	2010 \$'000
Revenue	4	13,947	18,223
Cost of sales		<u>(6,362)</u>	<u>(8,901)</u>
Gross profit		7,585	9,322
Other operating income	5	1,502	1,512
Expenses:			
Technical support expenses		(3,235)	(2,803)
Distribution costs		(1,699)	(1,874)
Administrative expenses		(2,595)	(2,425)
Other operating expenses	6	(154)	(2,086)
Finance costs		–	(1)
Share of profit from an equity-accounted associate		<u>1,031</u>	<u>1,156</u>
Profit before income tax	7	2,435	2,801
Income tax expense	9	<u>(260)</u>	<u>(329)</u>
Profit for the year		<u><u>2,175</u></u>	<u><u>2,472</u></u>
Other comprehensive income:			
Exchange differences on translating foreign operations		<u>(460)</u>	<u>566</u>
Total comprehensive income for the year		<u><u>1,715</u></u>	<u><u>3,038</u></u>
Profit attributable to:			
Owners of the Company		1,918	2,067
Non-controlling interest		<u>257</u>	<u>405</u>
		<u><u>2,175</u></u>	<u><u>2,472</u></u>
Total comprehensive income attributable to:			
Owners of the Company		1,469	2,628
Non-controlling interest		<u>246</u>	<u>410</u>
		<u><u>1,715</u></u>	<u><u>3,038</u></u>
Earnings per share for profit attributable to the owners of the Company (cents)			
Basic and Diluted	10	<u><u>0.60</u></u>	<u><u>0.65</u></u>

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
ASSETS					
Non-current assets					
Plant and equipment	11	3,846	3,799	-	-
Investment property	12	3,630	-	-	-
Intangible assets	13	3,765	3,286	-	-
Investments in subsidiaries	14	-	-	32,734	32,734
Investment in an associate	15	798	1,449	-	-
Deferred income tax assets	17	42	43	-	-
Trade and other receivables	18	880	2,672	-	-
Other assets	19	173	-	-	-
Total non-current assets		<u>13,134</u>	<u>11,249</u>	<u>32,734</u>	<u>32,734</u>
Current assets					
Inventories	21	94	158	-	-
Trade and other receivables	18	6,351	7,043	6,451	6,354
Cash and cash equivalents	22	15,083	17,220	37	9
Total current assets		<u>21,528</u>	<u>24,421</u>	<u>6,488</u>	<u>6,363</u>
Total assets		<u><u>34,662</u></u>	<u><u>35,670</u></u>	<u><u>39,222</u></u>	<u><u>39,097</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital	23	31,948	31,948	31,948	31,948
(Accumulated losses)/Retained earnings		(623)	(2,221)	6,704	6,708
Foreign currency translation reserve	24	(1,830)	(1,381)	-	-
Equity attributable to owners of the Company		<u>29,495</u>	<u>28,346</u>	<u>38,652</u>	<u>38,656</u>
Non-controlling interest		<u>1,273</u>	<u>1,029</u>	<u>-</u>	<u>-</u>
Total equity		<u>30,768</u>	<u>29,375</u>	<u>38,652</u>	<u>38,656</u>
Non-current liabilities					
Deferred income tax liabilities	17	25	25	-	-
Total non-current liabilities		<u>25</u>	<u>25</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	25	3,862	6,231	570	441
Current income tax liabilities		7	39	-	-
Total current liabilities		<u>3,869</u>	<u>6,270</u>	<u>570</u>	<u>441</u>
Total liabilities		<u>3,894</u>	<u>6,295</u>	<u>570</u>	<u>441</u>
Total equity and liabilities		<u><u>34,662</u></u>	<u><u>35,670</u></u>	<u><u>39,222</u></u>	<u><u>39,097</u></u>

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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 2011	29,375	28,346	31,948	(2,221)	(1,381)	1,029
Profit for the year	2,175	1,918	–	1,918	–	257
Other comprehensive income:						
Exchange differences on translating foreign operations	(460)	(449)	–	–	(449)	(11)
Total comprehensive income for the year	1,715	1,469	–	1,918	(449)	246
Disposal of a subsidiary	78	–	–	–	–	78
Dividend paid to equity holders of the Company (Note 26) and non-controlling interest	(400)	(320)	–	(320)	–	(80)
Balance at 31 December 2011	30,768	29,495	31,948	(623)	(1,830)	1,273
Balance at 1 January 2010	26,698	26,038	31,948	(3,968)	(1,942)	660
Profit for the year	2,472	2,067	–	2,067	–	405
Other comprehensive income:						
Exchange differences on translating foreign operations	566	561	–	–	561	5
Total comprehensive income for the year	3,038	2,628	–	2,067	561	410
Dividend paid to equity holders of the Company (Note 26) and non-controlling interest	(361)	(320)	–	(320)	–	(41)
Balance at 31 December 2010	29,375	28,346	31,948	(2,221)	(1,381)	1,029

Company	Share capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2011	31,948	6,708	38,656
Profit for the year, representing total comprehensive income for the year	–	316	316
Dividend paid to equity holders of the Company (Note 26)	–	(320)	(320)
Balance at 31 December 2011	31,948	6,704	38,652
Balance at 1 January 2010	31,948	(402)	31,546
Profit for the year, representing total comprehensive income for the year	–	7,430	7,430
Dividend paid to equity holders of the Company (Note 26)	–	(320)	(320)
Balance at 31 December 2010	31,948	6,708	38,656

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
		\$'000	\$'000
Operating activities			
Profit before income tax		2,435	2,801
Adjustments for:			
Amortisation of development costs and intellectual property	7 & 13	702	627
Depreciation of plant and equipment, net of amount capitalised into intangible assets	7	493	571
Gain on disposal of a subsidiary	5	(83)	–
Impairment loss on development cost	6 & 13	–	447
Impairment loss on plant and equipment	6 & 11	–	734
Plant and equipment written off	6 & 11	2	1
Allowance for impairment of receivables	6 & 18	21	81
Allowance for inventory obsolescence	6	14	36
Gain on disposals of plant and equipment	5	(2)	(20)
Interest expense		–	1
Interest income	5	(491)	(415)
Share of profit from an equity-accounted associate		(1,031)	(1,156)
Fair value gain on investment property	5 & 12	(388)	–
Write-back of allowance for inventory obsolescence	5	(8)	–
Reversal of payables	5	(213)	–
Write-back of allowance for impairment of plant and equipment	5 & 11	(68)	(8)
Write-back of allowance for impairment of receivables	5 & 18	(54)	(231)
Operating cash flow before movements in working capital		<u>1,329</u>	<u>3,469</u>
Changes in operating assets and liabilities			
Inventories		89	(23)
Trade and other receivables		2,519	2,528
Trade and other payables		<u>(1,955)</u>	<u>(1,773)</u>
Cash generated from operations		1,982	4,201
Income tax paid		(248)	(58)
Interest paid		–	(1)
Net cash generated from operating activities		<u>1,734</u>	<u>4,142</u>
Investing activities			
Purchases of plant and equipment	11	(640)	(1,308)
Other assets	19	(173)	–
Purchase of investment property	12	(3,243)	–
Proceeds from disposal of plant and equipment		6	35
Disposal of subsidiary, net of cash disposed	14	(4)	–
Development costs paid	13	(1,143)	(1,784)
Deposit placement with licensed banks		(754)	–
Interest received		491	415
Dividend received from an associate		1,640	508
Net cash used in investing activities		<u>(3,820)</u>	<u>(2,134)</u>

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$'000	2010 \$'000
Financing activities			
Dividend paid by a subsidiary to non-controlling interest		(80)	(41)
Dividend paid to equity holders of the Company		(320)	(320)
Repayment of finance leases		–	(10)
Net cash used in financing activities		<u>(400)</u>	<u>(371)</u>
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of year		17,194	14,991
Effect of exchange rate changes on cash and cash equivalents		(405)	566
Cash and cash equivalents at end of year	22	<u><u>14,303</u></u>	<u><u>17,194</u></u>

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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 principal place of business and registered office at 168, Jalan Bukit Merah, Connection One, 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 14 and 15 to the financial statements respectively.

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 2011 were authorised for issue by the Board of Directors on 29 March 2012.

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, Cap. 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 and statement of changes in equity 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. All financial information has been rounded to the nearest thousands, unless otherwise stated.

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.

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 yet effective:

	Effective date (annual periods beginning on or after)
FRS 1 Amendments to FRS 1 – Presentation of item of other comprehensive income	1 July 2012
FRS 12 Amendments to FRS 12 Deferred tax: Recovery of underlying assets	1 January 2012
FRS 19 Employee benefits	1 January 2013
FRS 27 Separate financial statements	1 January 2013
FRS 28 Investment in associate and joint ventures	1 January 2013
FRS 110 Consolidated financial statements	1 January 2013
FRS 112 Disclosure of interests in other entities	1 January 2013
FRS 113 Fair value measurements	1 January 2013

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

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 and 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, to ensure consistency with the policies adopted by 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.

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 loss that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

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 recognised on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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.

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's 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

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 fair value 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 adjustment to the contingent consideration shall be adjusted to the cost of the business combination at the acquisition date.

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.

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.

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.

Revenue from maintenance contracts

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

Interest income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Dividend income

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

Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.5 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.

2.6 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.

2.7 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.7 Income tax expense (Continued)

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

Current and deferred tax are recognised as an expense or income in 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.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.8 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.

2.9 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.

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.10 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

Telecommunications equipment 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.

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.

2.11 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.12 Intangible assets

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if, any only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.13 Goodwill (Continued)

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.

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 method. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

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 (net of depreciation or amortisation) 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.

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 and cash equivalent 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial assets (Continued)

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 asset 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.

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 all classified as other financial liabilities as there were no financial liabilities at fair value through profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

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

2.18 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 (if any).

2.19 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.

2.20 Contract work-in-progress

Where the outcome of a service 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 service 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 in trade and other receivables as "Due from customers on Proprietary Solution contract". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented in trade and other payables as "Due to customers on Proprietary Solution contract".

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.21 Leases

The Group is the lessee

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.

The Group is the lessor

Operating leases

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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.

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. Summary of significant accounting policies (Continued)

2.23 Contingencies (Continued)

- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.24 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Singapore

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.

Malaysia

In 2009, a subsidiary in Malaysia was approved a grant of RM767,764 (equivalent of \$314,127) for the development of the GlobeOSS Roaming Assurance Project under MSC Malaysia Research & Development Grant Scheme.

2.25 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

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.

Allowances for impairment of trade and other receivables

The provision policy for allowances for trade and other receivables is based on the evaluation of collectability, aging analysis of accounts, 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 customer, net of allowances for impairment, amounted to \$1,760,000 (2010: \$2,670,000). 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 carrying amount of the Group's trade and other receivables as at 31 December 2011 was \$7,231,000 (2010: \$9,715,000).

Depreciation of plant and equipment

The Group depreciates the plant and equipment, using the straight-line method, over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economic useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's plant and equipment at 31 December 2011 were \$3,846,000 (2010: \$3,799,000) and \$Nil (2010: \$Nil) respectively (Note 11).

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 \$14,000 (2010: \$36,000). The carrying amount of the Group's inventories as at 31 December 2011 was \$94,000 (2010: \$158,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

3.2 Key sources of estimation uncertainty (Continued)

Deferred tax assets

The Group recognises deferred tax assets for all deductible temporary differences, unused capital allowances and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused capital allowances and tax losses carried forward 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 sufficient future taxable profit will be available to allow the deferred tax assets to be recovered and 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 2011 was \$42,000 (2010: \$43,000).

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 fair value less cost to sell 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. No impairment loss on plant and equipment was charged to profit or loss for the financial year ended 31 December 2011 (2010: \$734,000). The carrying amount of the Group's plant and equipment as at 31 December 2011 was \$3,846,000 (2010: \$3,799,000).

Impairment of investment in subsidiaries and amounts due from subsidiaries

The Group follows the guidance of FRS 36: *Impairment of Assets* and FRS 39: *Financial Instruments: Recognition and Measurement* in determining the indicators of impairment of 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 of 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 2011 were \$32,734,000 (2010: \$32,734,000) and \$6,349,000 (2010: \$6,312,000) respectively.

Impairment of intangible assets

The Group determines on an annual basis whether the intangible assets are impaired. This requires an estimation of the value in use of the cash-generating units to which the intangible assets are 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 2011 was \$3,765,000 (2010: \$3,286,000).

Contract work-in-progress

As described in Note 2.20 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 2011 disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

4. Revenue

	Group	
	2011 \$'000	2010 \$'000
System sales	5,048	9,778
Managed services	8,899	8,445
Total revenue	13,947	18,223

Managed services include rental income of \$251,000 (2010: \$Nil).

5. Other operating income

	Group	
	2011 \$'000	2010 \$'000
Interest income	491	415
Write-back of allowance for inventory obsolescence	8	–
Write-back of allowance for impairment of plant and equipment	68	8
Reversal of payables	213	–
Write-back of allowance for impairment of receivables	54	231
Fair value gain on investment property	388	–
Foreign exchange gain	153	726
Gain on disposal of plant and equipment	2	20
Gain on disposal of a subsidiary	83	–
Other income	42	112
Total other operating income	1,502	1,512

6. Other operating expenses

	Group	
	2011 \$'000	2010 \$'000
Allowance for impairment of receivables	21	81
Allowance for impairment of development cost	–	447
Allowance for impairment of plant and equipment	–	734
Allowance for inventory obsolescence	14	36
Foreign exchange losses	93	772
Plant and equipment written off	2	1
Others	24	15
	154	2,086

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

7. Profit before income tax

Profit before income tax is arrived at after charging:

	Group	
	2011	2010
	\$'000	\$'000
Amortisation of development costs and intellectual property (included in cost of sales) (Note 13)	702	627
Depreciation of plant and equipment (Note 11)	599	719
Amount of depreciation of plant and equipment capitalised into intangible assets	(106)	(148)
Cost of inventories and third party cost recognised as expenses (included in cost of sales)	2,995	5,598
Rental expense - operating lease	291	272
Audit fee:		
Auditors of the Company	90	84
Other auditors	29	33
Non-audit fees:		
Auditors of the Company	9	13
Other auditors	1	-
	<u>1</u>	<u>-</u>

8. Staff costs

	Group	
	2011	2010
	\$'000	\$'000
Salaries and wages	4,437	4,300
Employer's contribution to defined contribution plans	587	569
Staff welfare benefits	295	218
	<u>5,319</u>	<u>5,087</u>

Included in the above is key management personal remuneration disclosed in Note 32 (b).

9. Income tax expense

	Group	
	2011	2010
	\$'000	\$'000
Current year tax expense attributable to results is made up of:		
Current income tax		
- Group	274	73
- Associate	9	9
Deferred income tax (Note 17)	-	239
	<u>283</u>	<u>321</u>
(Over)/Under provision in preceding financial years:		
- Current income tax	(23)	8
	<u>260</u>	<u>329</u>

Domestic income tax is calculated at 17% (2010: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the tax rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

9. Income tax expense (Continued)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2010: 17%) to profit before income tax as a result of the following differences:

	Group	
	2011	2010
	\$'000	\$'000
Profit before income tax	2,435	2,801
Tax calculated at a tax rate of 17% (2010: 17%)	414	476
Effect of different tax rates of overseas operations	256	377
Tax effect of:		
- expenses not deductible for tax purposes	156	203
- temporary differences at zero tax rate due to pioneer status	(10)	92
- exempt income	(588)	(1,365)
Deferred tax asset not recognised in profit or loss	132	250
Utilisation of deferred tax asset previously not recognised	(85)	(16)
Reversal of deferred tax asset (Note 17)	-	295
(Over)/Under provision in preceding financial years	(23)	8
Others	8	9
Tax expense	<u>260</u>	<u>329</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. GlobeOSS Sdn Bhd's MSC status is in the midst of being renewed for a further five year period commencing on 15 January 2012 to 14 January 2017, of which a formal application has been submitted on 20 December 2011 to the Multimedia Development Corporation ("MDC"), the Malaysian body that oversees the development of MSC.

On the other hand, Unified Communications (OHQ) Sdn Bhd has been granted OHQ status under the Malaysian Industrial Development Authority ("MIDA"). The benefits to a company having OHQ status include ten years pioneer status tax exemption on profits generated from the OHQ qualifying activities during the same year. The OHQ status of the company commenced on 27 October 2009 and will expire on 26 October 2019.

10. 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	
	2011	2010
Earnings attributable to equity holders of the Company (\$'000)	1,918	2,067
Number of ordinary shares in issue during the financial year ('000)	319,573	319,573
Basic and diluted earnings per share (cents)	0.60	0.65

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

11. Plant and equipment

Group	Office equipment, furniture and renovation \$'000	Computers, tele- communications, research and development equipment \$'000	Motor vehicles \$'000	Total \$'000
2011				
Cost				
At 1 January 2011	1,422	11,732	184	13,338
Additions	79	561	–	640
Transfer to inventories	–	(102)	–	(102)
Disposals	–	(11)	–	(11)
Disposal of a subsidiary	(2)	(227)	–	(229)
Write-off	(4)	(170)	–	(174)
Foreign currency translation differences	(29)	(111)	(5)	(145)
At 31 December 2011	1,466	11,672	179	13,317
Accumulated depreciation				
At 1 January 2011	1,025	7,210	184	8,419
Depreciation charge for the financial year	139	460	–	599
Transfer to inventories	–	(86)	–	(86)
Disposals	–	(7)	–	(7)
Disposal of a subsidiary	(1)	(195)	–	(196)
Write-off	(2)	(24)	–	(26)
Foreign currency translation differences	(19)	(85)	(5)	(109)
At 31 December 2011	1,142	7,273	179	8,594
Accumulated impairment loss				
At 1 January 2011	–	1,120	–	1,120
Disposal of a subsidiary	–	(26)	–	(26)
Write-off	–	(146)	–	(146)
Write-back during the year	–	(68)	–	(68)
Foreign currency translation differences	–	(3)	–	(3)
At 31 December 2011	–	877	–	877
Net carrying amount				
At 31 December 2011	324	3,522	–	3,846

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

11. Plant and equipment (Continued)

	Office equipment, furniture and renovation \$'000	Computers, tele- communications, research and development equipment \$'000	Motor vehicles \$'000	Total \$'000
Group				
2010				
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	1,422	11,732	184	13,338
Accumulated depreciation				
At 1 January 2010	878	6,596	237	7,711
Depreciation charge for the financial year	136	583	–	719
Disposals	(6)	(17)	(60)	(83)
Foreign currency translation differences	17	48	7	72
At 31 December 2010	1,025	7,210	184	8,419
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	–	1,120	–	1,120
Net carrying amount				
At 31 December 2010	397	3,402	–	3,799

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

11. Plant and equipment (Continued)

	Office equipment, furniture and renovation \$'000
Company	
Cost	
At 1 January 2011 and 31 December 2011	46
Accumulated depreciation	
At 1 January 2011 and 31 December 2011	46
Net carrying amount	
At 31 December 2011	–
Cost	
At 1 January 2010 and 31 December 2010	46
Accumulated depreciation	
At 1 January 2010 and 31 December 2010	46
Net carrying amount	
At 31 December 2010	–

In 2010, an impairment loss of \$734,000, being the excess of the carrying value of equipment over its recoverable amount, was recognised by the Group due to the expected realisable value being below its cost.

12. Investment property

	Group	
	2011 \$'000	2010 \$'000
At fair value		
At beginning of the financial year	–	–
Additions	3,243	–
Fair value gain recognised in profit and loss	388	–
Foreign currency translation differences	(1)	–
At end of the financial year	3,630	–

The fair value of the Group's investment property as at 31 December 2011 was determined by an independent professional valuer with recent experience in the location and category of the investment property. The valuation was arrived at by reference to market evidence, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transactions.

Details of Group's Investment property are as follows:

Description	Location	Existing use
Freehold Shop office	Lot 3A-5-1, 5 th floor, Block 3A, Plaza Sentral, Kuala Lumpur, Malaysia	Generate rental income

The following amounts are recognised in the statement of comprehensive income:

	Group	
	2011 \$'000	2010 \$'000
Rental income	251	–
Direct operating expenses arising from investment property that generated rental income	(49)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

13. Intangible assets

	Development cost \$'000	Intellectual property \$'000	Total \$'000
Group			
Cost			
At 1 January 2011	5,674	2,192	7,866
Addition during the year	1,143	–	1,143
Capitalisation of development equipment (Note 7)	106	–	106
Foreign currency translation differences	(156)	(44)	(200)
At 31 December 2011	6,767	2,148	8,915
Accumulated amortisation			
At 1 January 2011	1,862	2,192	4,054
Amortisation charge for the year	702	–	702
Foreign currency translation differences	(94)	(44)	(138)
At 31 December 2011	2,470	2,148	4,618
Accumulated impairment loss			
At 1 January 2011	526	–	526
Impairment loss for the year	–	–	–
Foreign currency translation differences	6	–	6
At 31 December 2011	532	–	532
Carrying amount			
At 31 December 2011	3,765	–	3,765
Group			
Cost			
At 1 January 2010	3,797	2,148	5,945
Addition during the year	1,784	–	1,784
Capitalisation of development equipment (Note 7)	148	–	148
Foreign currency translation differences	(55)	44	(11)
At 31 December 2010	5,674	2,192	7,866
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	1,862	2,192	4,054
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	526	–	526
Carrying amount			
At 31 December 2010	3,286	–	3,286

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.

The development cost mainly comprises staff costs and depreciation expenses for the development of proprietary software.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

13. Intangible assets (Continued)

The carrying amount of the Group's development cost comprises:

	Group	
	2011 \$'000	2010 \$'000
Completed	1,974	1,646
Under development	1,791	1,640
	3,765	3,286

14. Investments in subsidiaries

14.1 Investments in subsidiaries comprise:

	Company	
	2011 \$'000	2010 \$'000
Unquoted shares, at cost	32,734	32,734

14.2 Particular of subsidiaries

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2011 %	2010 %
<u>Subsidiaries held by the Company</u>				
Unified Communications Pte Ltd ("UCPL") ^(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 ("UCSB") ^(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)	Investment holding	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

14. Investments in subsidiaries (Continued)

14.2 Particular of subsidiaries (Continued)

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2011 %	2010 %
<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 ("UCHK") ^(c)	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry	Hong Kong	–	51
Unified (Thailand) Limited ^(d)	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry	Thailand	100	100
Unified Communications (Tech) Pte Ltd (formerly known as 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 ("UCPK") ^(e)	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises	Pakistan	100	100
Unified Communications (Shenzhen) Pte Ltd ^(f)	Distribution of telecommunications products, development of localised telecommunications solutions and maintenance and support services for the telecommunications industry	People's Republic of China	100	100
GlobeOSS Sdn Bhd ^(b)	Provision of global roaming quality of service management solutions	Malaysia	51	51
GlobeOSS Pte Ltd ^(a)	Provision of global roaming quality of service management solutions	Singapore	51	51

(a) Audited by BDO LLP, Singapore, a member firm of BDO International Limited.

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

(c) Audited by Tang, Lit & Co., Certified Public Accountant, Hong Kong. Disposed on 31 May 2011 as disclosed in Note 14.3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

14. Investments in subsidiaries (Continued)

14.2 Particular of subsidiaries (Continued)

- (d) Audited by ThaiCon Auditing Limited, Thailand and has a total share capital of Thai Baht (“THB”) 2,000,000 comprising THB 1,100,000 of fully paid-up preference shares and THB900,000 of fully paid-up ordinary shares with voting rights. 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. It has ceased operations since 2008.
- (e) Audited by BDO Ebrahim & Co., Pakistan, a member firm of BDO International Limited. In 2010, UCPL subscribed to 1,699,450 new ordinary shares in UCPK of PKR10 each for PKR16,994,500 (approximately \$257,900). The enlarged issued and paid-up share capital of UCPK is PKR21,017,500 represented by 2,101,700 ordinary shares of PKR10 each.
- (f) The Company was dormant and had been voluntarily wound up on 20 March 2012, as disclosed in Note 34(b).

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.

14.3 Disposal of a subsidiary

On 31 May 2011, the Group through UCPL, entered into a share sale agreement to dispose its 51% interest in UCHK for cash consideration of \$1,000. The sale was completed on 3 June 2011.

Details of the disposal are as follows:

	2011 \$'000
Plant and equipment	7
Inventories	9
Trade and other receivables	19
Cash and bank balances	5
Trade and other payables	(200)
Net Liabilities	(160)
Less: Non controlling interest	78
Group's share (51%)	(82)
Net proceeds from disposal	(1)
Gain on disposal of subsidiary	(83)

The net cash outflow on the disposal of a subsidiary was as follows:

	2011 \$'000
Net proceeds from disposal	1
Cash and bank balance disposed off	(5)
Net cash outflow on disposal	(4)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

15. Investment in an associate

	Group	
	2011 \$'000	2010 \$'000
Unquoted shares	69	69
At beginning of the financial year	1,449	808
Exchange differences	(33)	2
Share of results	1,022	1,147
Dividend received (one-tier-tax-exempt)	(1,640)	(508)
At end of the financial year	798	1,449

The details of the associate are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2011 %	2010 %
<u>Held by UCSB</u>				
Ahead Mobile Sdn Bhd ⁽¹⁾	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry	Malaysia	40	40

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

Subsequent to 31 December 2011, the Company acquired the remaining 60% of the associate. Details are provided in Note 34(a).

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

	Group	
	2011 \$'000	2010 \$'000
Assets and liabilities:		
Total assets	2,215	3,843
Total liabilities	219	221
Net assets	1,996	3,622
Group's share of associate's net assets	798	1,449
Results:		
Revenue	3,915	4,311
Profit before tax for the year	2,578	2,891
Tax for the year	(23)	(24)
Profit after tax for the year	2,555	2,867
Group's share of associate's profit after tax for the year	1,022	1,147

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

16. Investment in joint venture

The details of the joint venture are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2011 %	2010 %
<u>Held by UCPL</u>				
Unified Telecom Private Limited ⁽¹⁾	Provision of telecommunications products, services and customised solutions	India	50	50

(1) Limited review performed by Haribhakti & Co. Chartered Accountants, India, a member firm of BDO International Limited, for consolidation purposes.

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 of the Group on a line-by-line basis of proportionate consolidation.

	2011 \$'000	2010 \$'000
Assets		
- Current assets	41	66
- Non-current assets	18	25
	<u>59</u>	<u>91</u>
Liabilities		
- Current liabilities	44	99
Net assets/(liabilities)	<u>15</u>	<u>(8)</u>
Sales	-	63
Expenses	(139)	(171)
Loss before tax	(139)	(108)
Income tax	-	-
Loss for the year	<u>(139)</u>	<u>(108)</u>
Operating cash outflows, net	(179)	(21)
Investing cash outflows, net	-	(8)
Financing cash inflows, net	148	-
Net change in cash and cash equivalents	(31)	29
Cash and cash equivalents at beginning of year	34	66
Effect of exchange rate changes in cash and cash equivalents	17	(3)
Cash and cash equivalents at end of year	<u>20</u>	<u>34</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

17. Deferred income taxes

Deferred income tax assets and liabilities are set-off 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 taxation authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2011	2010
	\$'000	\$'000
Deferred income tax assets		
- to be recovered after more than 12 months	(42)	(43)
Deferred income tax liabilities		
- to be settled after more than 12 months	25	25
	<u>(17)</u>	<u>(18)</u>

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

	Group	
	2011	2010
	\$'000	\$'000
At beginning of the financial year	(18)	(257)
Tax charge to profit or loss (Note 9)	-	239
Exchange differences	1	-
At end of the financial year	<u>(17)</u>	<u>(18)</u>

As at 31 December 2011, the Group has unabsorbed tax losses of approximately \$12,564,000 (2010: \$12,438,000) and unutilised capital allowances of approximately \$250,000 (2010: \$281,000) which can be carried forward and used to set-off against future taxable income subject to meeting certain statutory requirements by those group entities with unabsorbed tax losses and unutilised capital allowances in their respective countries in which the group entities operate.

Deferred tax asset on brought forward unabsorbed tax losses and unutilised capital allowances was reversed in 2010 mainly because it is not probable that future taxable profit will be available against which certain subsidiaries can utilise the benefits.

The deferred tax benefits on the remaining carried forward unabsorbed tax losses and unutilised capital allowances amounting to \$12,814,000 (2010: \$12,719,000) 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 2011

17. 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:

	Tax losses and capital allowances \$'000	Others \$'000	Total \$'000
Group			
Deferred income tax assets			
2011			
At 1 January 2011	(29)	(14)	(43)
Charged to profit or loss	-	-	-
Foreign currency translation differences	1	-	1
At 31 December 2011	<u>(28)</u>	<u>(14)</u>	<u>(42)</u>
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>
			Accelerated tax depreciation \$'000
Group			
Deferred income tax liabilities			
2011			
At 1 January 2011			25
Credited to profit or loss			-
At 31 December 2011			<u>25</u>
2010			
At 1 January 2010			54
Credited to profit or loss			(29)
At 31 December 2010			<u>25</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

18. Trade and other receivables

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current				
Trade receivables:				
- related corporations	5	8	-	-
- associate	3	3	-	-
- third parties	5,048	5,992	-	-
	5,056	6,003	-	-
Less: Allowance for impairment of trade receivables - third parties	(171)	(2,403)	-	-
Trade receivables – net	4,885	3,600	-	-
Due from customers on Proprietary Solution Contracts (Note 20)	437	2,229	-	-
Deposits	195	171	-	-
Less: Allowance for impairment of deposits	(24)	(24)	-	-
Prepayment	579	737	26	38
Other receivables:				
- amounts due from subsidiaries	-	-	6,349	6,312
- staff advances	-	6	-	-
- amount due from ultimate holding corporation	123	125	-	-
- income tax recoverable	-	3	-	-
- sundry	232	303	76	4
Less: Allowance for impairment of other - sundry receivables	(76)	(107)	-	-
	6,351	7,043	6,451	6,354
Non current				
Trade receivables	880	2,672	-	-

The average credit period on sale of goods and services is 30 - 90 days (2010: 30 - 90 days).

Amounts due from the ultimate holding corporation, subsidiaries, associate and related corporations are unsecured, interest-free and are repayable on demand related corporations are the Company's fellow subsidiaries.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

18. Trade and other receivables (Continued)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Singapore Dollar	428	619	6,451	6,354
Ringgit Malaysia	4,115	6,109	-	-
United States Dollar	1,856	1,935	-	-
Euro	44	451	-	-
Pakistan Rupee	515	242	-	-
Brunei Dollar	180	217	-	-
Hong Kong Dollar	-	9	-	-
Others	93	133	-	-
	<u>7,231</u>	<u>9,715</u>	<u>6,451</u>	<u>6,354</u>

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

	Group	
	2011 \$'000	2010 \$'000
Past due 0 to 3 months	1,758	1,305
Past due 3 to 9 months	721	204
Past due over 9 months	360	362
	<u>2,839</u>	<u>1,871</u>

The Group has not made any allowances for impairment loss for these debtors since there was no significant change in the credit quality of these debtors and the amounts owing are still considered as being recoverable.

The Group has entered into agreement with a customer to allow for the repayment of receivables outstanding amounting to \$1,760,000 (2010: \$2,670,000), under a 3-year instalment scheme with an effective interest rate of 9%. The carrying amount of these receivables as at the financial year end approximates fair value.

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 impairment of trade receivables are made on specific trade receivables when there is objective evidence that the Group will not be able to collect any 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 2011

18. 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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Gross amount	296	2,576	100	131
Less: Allowance for impairment	(171)	(2,403)	(100)	(131)
	<u>125</u>	<u>173</u>	<u>-</u>	<u>-</u>

Movements in allowances for impairment are as follows:

Beginning of the financial year	2,403	2,882	131	1,518
Allowance charged to profit or loss	21	52	-	29
Disposal of a subsidiary	(26)	-	(31)	-
Written-off against allowance	(2,173)	(349)	-	(1,367)
Write-back of allowance	(54)	(182)	-	(49)
End of the financial year	<u>171</u>	<u>2,403</u>	<u>100</u>	<u>131</u>

19. Other assets

Other assets relate to the Group's subscription of Compulsory Convertible Preference Shares in Unified Telecom Private Limited, a joint venture incorporated in India.

20. Contract work-in-progress

	Group	
	2011 \$'000	2010 \$'000
Aggregate contract costs recognised, and recognised profit to date	11,837	4,623
Less: Progress billings	(11,528)	(2,414)
	<u>309</u>	<u>2,209</u>
Due from customers on Proprietary Solutions contracts (Note 18)	<u>437</u>	<u>2,229</u>
Due to customers on Proprietary Solutions contracts (Note 25)	<u>(128)</u>	<u>(20)</u>

21. Inventories

	Group	
	2011 \$'000	2010 \$'000
Inventories, at net realisable value	<u>94</u>	<u>158</u>

During the year the Group has reversed a write-down of \$8,000 (2010: Nil), being part of an inventory write-down made in 2010, as the inventories were sold above the carrying amounts in 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

22. Cash and cash equivalents

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash and bank balances	2,734	4,721	37	9
Short-term bank deposits	12,349	12,499	-	-
	<u>15,083</u>	<u>17,220</u>	<u>37</u>	<u>9</u>

Short-term bank deposits include \$780,000 (2010: \$26,000) restricted deposits placed with the banks to secure banking facilities for the Group.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Singapore Dollar	906	4,758	35	7
Ringgit Malaysia	12,829	10,687	-	-
United States Dollar	628	956	2	2
Thai Baht	-	1	-	-
Pakistan Rupee	695	404	-	-
Euro	1	352	-	-
Hong Kong Dollar	-	16	-	-
Others	24	46	-	-
	<u>15,083</u>	<u>17,220</u>	<u>37</u>	<u>9</u>

Short-term bank deposits have a weighted average maturity of 1 month (2010: 1 month) from the end of the financial year with the following weighted average effective interest rates:

	Group	
	2011	2010
Ringgit Malaysia	2.7%	2.4%
Euro	-	0.01%

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

	Group	
	2011 \$'000	2010 \$'000
Cash and bank balances	15,083	17,220
Less:		
- Restricted deposits	(780)	(26)
Cash and cash equivalents per consolidated statement of cash flows	<u>14,303</u>	<u>17,194</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

23. Share capital

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares with no par value		\$'000	\$'000
Issued and paid up :				
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 Company has one class of ordinary shares which carries no right to fixed income.

24. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency. This is non-distributable and the movements in the account are set out in the statement of changes in equity.

25. Trade and other payables

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade payables	2,147	4,095	-	-
Due to customers on Proprietary Solutions contracts (Note 20)	128	20	-	-
Accrued operating expenses	977	1,301	135	150
Deposits received	23	47	-	-
Other payables:				
- amount due to ultimate holding corporation	3	3	-	-
- amount due to subsidiaries	-	-	388	224
- amount due to related corporations	20	22	-	-
- amount due to an associate	18	18	-	-
- deferred government grant	126	192	-	-
- sundry	420	533	47	67
	<u>3,862</u>	<u>6,231</u>	<u>570</u>	<u>441</u>

The average credit period on purchases is 30 - 90 days (2010: 30 - 90 days).

Non-trade amounts due to the ultimate holding corporation, subsidiaries, an associate and related corporations are unsecured, interest free and are repayable on demand.

On 22 February 2009, a subsidiary in Malaysia entered into an agreement with Multimedia Development Corporations Sdn Bhd for an approved grant of RM767,764 (equivalent to \$314,127) for the development of the GlobeOSS Roaming Assurance Project under MSC Malaysia Research & Development Grant Scheme.

The total grant amount has been fully received as at 31 December 2009.

No interest is charged on the trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

25. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Singapore Dollar	480	858	570	441
Ringgit Malaysia	1,144	2,849	-	-
United States Dollar	888	1,609	-	-
Euro	1,171	578	-	-
Pakistan Rupee	29	39	-	-
Hong Kong Dollar	-	15	-	-
Others	150	283	-	-
	<u>3,862</u>	<u>6,231</u>	<u>570</u>	<u>441</u>

26. Dividends

Dividends paid during the financial year:

	Group and Company	
	2011 \$'000	2010 \$'000
Interim dividend of \$0.001, one-tier-tax-exempt per share (2010: \$0.001)	<u>320</u>	<u>320</u>

27. Contingent liabilities, unsecured

The Company has also undertaken to provide continued financial support to certain of its subsidiaries which has total accumulated losses of \$863,000 (2010: \$448,000) in excess of the issued and paid-up capital as at 31 December 2011 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 are expected to arise pertaining to the aforesaid contingent liabilities.

28. Commitments

28.1 Operating lease commitments

The Group as a lessor

The Group has entered into a commercial property lease on its investment property. The non-cancellable lease has remaining lease term of approximately 2 years.

As at the end of the financial year, future minimum rental receivables under the non-cancellable operating lease at the end of the financial year are as follows:

	Group	
	2011 \$'000	2010 \$'000
Future minimum lease payments receivable:		
Not later than one year	258	-
Later than one year but not later than five years	236	-
	<u>494</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

28. Commitments (Continued)

28.1 Operating lease commitments (Continued)

The Group as lessee

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 end of the financial year but not recognised as liabilities are as follows:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Not later than one year	210	157	-	-
Later than one year but not later than five years	220	38	-	-
	<u>430</u>	<u>195</u>	<u>-</u>	<u>-</u>

28.2 Capital commitments

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Capital expenditure contracted but not provided for				
- Commitment for acquisition of investment property	-	2,945	-	-
	<u>-</u>	<u>2,945</u>	<u>-</u>	<u>-</u>

29. Financial instruments, financial risk and capital risk management

29.1 Categories of financial instruments

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	<u>21,735</u>	<u>26,198</u>	<u>6,462</u>	<u>6,325</u>
Financial liabilities				
Payables	<u>3,862</u>	<u>6,231</u>	<u>570</u>	<u>441</u>

29.2 Financial risk factors

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

29.2 Financial risk factors (Continued)

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 89% (2010: 76%) of total trade receivables balance (net of impairment allowances), which include a single major customer located in Malaysia making up 68% (2010: 60%) of the trade receivables balance (net of impairment allowances). The Group has policies in place to ensure that sales of products and services are made to customers with an acceptable credit history.

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due and/or impaired

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

The ageing analysis of trade receivables that are past due but not impaired is provided in Note 18.

Market risk management

Foreign exchange risk management

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Ringgit Malaysia, Euro and 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 that action can be taken as appropriate to minimise exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

29.2 Financial risk factors (Continued)

Market risk management (Continued)

Foreign exchange risk management (Continued)

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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
United States Dollar	888	1,609	2,484	2,891	-	-	2	2
Singapore Dollar	480	858	1,334	5,377	570	441	6,486	6,361
Ringgit Malaysia	1,144	2,849	16,944	16,796	-	-	-	-
Euro	1,171	578	45	803	-	-	-	-
Pakistan Rupee	29	39	1,210	646	-	-	-	-
Brunei Dollar	-	-	180	217	-	-	-	-
Hong Kong Dollar	-	15	-	25	-	-	-	-
Others	150	283	117	179	-	-	-	-

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.

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

Impact of foreign currency	Singapore Dollar Strengthen by 10%		Singapore Dollar Weakened by 10%	
	Impact on Profit or Loss		Impact on Profit or Loss	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
United States Dollar	(160)	(128)	160	128
Ringgit Malaysia	(1,580)	(1,395)	1,580	1,395
Euro	113	(23)	(113)	23
Pakistan Rupee	(118)	(61)	118	61
Brunei Dollar	(18)	(20)	18	20

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

29.2 Financial risk factors (Continued)

Market risk management (Continued)

Foreign exchange risk management (Continued)

Foreign currency sensitivity (Continued)

	Singapore Dollar Strengthen by 10%		Singapore Dollar Weakened by 10%	
	Impact on other comprehensive income		Impact on other comprehensive income	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Impact of foreign currency				
Ringgit Malaysia	(2,547)	(2,351)	2,547	2,351
Pakistan Rupee	(33)	(29)	33	29

Interest rate risk management

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.

Liquidity risk management

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up for the undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company is expected to receive or (pay). The table includes both interest and principal cash flows.

	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	Total \$'000
Financial liabilities			
Group			
2011			
Non-interest bearing	3,862	–	3,862
2010			
Non-interest bearing	6,231	–	6,231
Company			
2011			
Non-interest bearing	570	–	570
2010			
Non-interest bearing	441	–	441

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

29.2 Financial risk factors (Continued)

Liquidity risk management (Continued)

	Effective Interest Rate	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	Total \$'000
Financial assets				
Group				
2011				
Interest-bearing:				
Trade receivables	9%	1,044	880	1,924
Fixed deposits	3%	12,719	–	12,719
Non-interest bearing		7,626	–	7,626
		21,389	880	22,269
2010				
Interest-bearing:				
Trade receivables	9%	–	3,000	3,000
Fixed deposits	3%	12,874	–	12,874
Non-interest bearing		11,027	–	11,027
		23,901	3,000	26,901
Company				
2011				
Non-interest bearing		6,462	–	6,462
2010				
Non-interest bearing		6,325	–	6,325

29.3 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 equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 23 and 24.

The Group's objectives when managing capital are to ensure that the Group is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary. No changes were made to the objectives, policies, or processes to capital risk management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

30. Fair value of financial assets and financial liabilities

The carrying amount of cash and cash equivalents, trade and other current receivables and payables, approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- (a) the fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets are determined with reference to quoted market prices (Level 1 of fair value hierarchy);
- (b) in the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy).
- (c) in the absence of observable inputs, the fair values of the remaining financial assets and financial liabilities (excluding derivatives instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).
- (d) the fair value of derivative instruments are calculated using quoted prices (Level 1 of fair value hierarchy). Where such prices are unavailable, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives (Level 3 of fair value hierarchy).

The Group's fair value measurement for financial assets and financial liabilities is at level 3 of fair value hierarchy.

31. 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 2011

32. Significant related party transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties:

a) Sales and purchases of goods and services

	Group	
	2011	2010
	\$'000	\$'000
Sales of goods/services to:		
- Ultimate holding company	1	4
- other related corporations	8	22
Purchase of goods/services from:		
- other related corporations	50	56
Rental and maintenance fees charged by a related corporation	278	302

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

32. Significant related party transactions (Continued)

a) Sales and purchases of goods and services (Continued)

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

	Company	
	2011	2010
	\$'000	\$'000
Reallocation of expenses among subsidiaries	866	185
Service fee charged to subsidiaries	43	10
Payments made on behalf of the subsidiaries, net	543	411
Dividend income received from a subsidiary	1,115	8,000
Waiver of debts due from a subsidiary	290	–
	<u>290</u>	<u>–</u>

b) Key management personnel remuneration

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. They include the Directors of the Group and of the Company and personnel heading key functions of the Group and of the Company.

Key management personnel 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. The remuneration for key management of the Group and of the Company is as follows:

	Group	
	2011	2010
	\$'000	\$'000
Key management personnel of the Group:		
Directors		
Salaries and other short-term employee benefits	431	487
Contribution to defined contribution plans	30	31
Others		
Salaries and other short-term employee benefits	974	877
Contribution to defined contribution plans	108	94
Fee paid to a non-controlling interest shareholder	141	121
	<u>1,684</u>	<u>1,610</u>

	Company	
	2011	2010
	\$'000	\$'000
Key management personnel of the Company:		
Directors		
Short-term employee benefits	58	56
Fee payable to ultimate holding corporation	22	28
	<u>80</u>	<u>84</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. 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 the group entities. 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 and revenue from investment property.

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.

Inter-segment transfer

Segment revenue and expense included transfer between business segments. Inter-segment revenue 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 2011						
Revenue:						
- external	5,805	3,382	4,505	255	-	13,947
- inter-segment	227	4	738	2,970	(3,939)	-
	6,032	3,386	5,243	3,225	(3,939)	13,947
Cost of sales	(4,060)	(1,859)	(3,171)	(49)	2,777	(6,362)
Gross profit	1,972	1,527	2,072	3,176	(1,162)	7,585
Other operating income	733	566	84	1,578	(1,459)	1,502
Expenses:						
Technical support expenses	(563)	(405)	(785)	(1,554)	72	(3,235)
Distribution costs	(256)	(449)	(375)	(289)	(330)	(1,699)
Administrative expenses	(1,040)	(1,125)	(513)	(1,175)	1,258	(2,595)
Other operating expenses	(12)	(88)	(33)	(291)	270	(154)
Share of profit from an equity-accounted associate	-	1,026	-	-	5	1,031
Profit before income tax	834	1,052	450	1,445	(1,346)	2,435
Income tax expenses	(137)	(21)	(4)	(98)	-	(260)
Profit for the year	697	1,031	446	1,347	(1,346)	2,175
Profit attributable to:						
Owners of the Company	697	994	226	1,347	(1,346)	1,918
Non-controlling interest	-	37	220	-	-	257
Profit for the year	697	1,031	446	1,347	(1,346)	2,175

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. Segment information (Continued)

Business segments (Continued)

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2011						
(Continued)						
Other information:						
Depreciation, net of amount capitalised into intangible assets	135	265	55	41	(3)	493
Amortisation	566	64	93	8	(29)	702
Interest income	413	27	51	–	–	491
Fair value gain on investment property	–	–	–	388	–	388
Segment assets	26,277	10,304	4,508	48,888	(56,155)	33,822
Associate	–	798	–	–	–	798
Unallocated assets	28	–	–	–	14	42
Consolidated total assets						34,662
Segment liabilities	4,363	10,226	1,975	9,181	(21,876)	3,869
Unallocated liabilities	–	–	–	25	–	25
Consolidated total liabilities						3,894
<u>Other segment items</u>						
Capital expenditure						
- Plant and equipment	70	461	58	56	(5)	640
- Investment property	–	–	–	3,243	–	3,243
- Development costs of intellectual property	720	555	38	54	(224)	1,143

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. Segment information (Continued)

Business segments (Continued)

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2010						
Revenue:						
- external	6,490	4,513	7,212	8	-	18,223
- inter-segment	931	2	715	2,432	(4,080)	-
	7,421	4,515	7,927	2,440	(4,080)	18,223
Cost of sales	(3,585)	(2,874)	(5,436)	(75)	3,069	(8,901)
Gross profit	3,836	1,641	2,491	2,365	(1,011)	9,322
Other operating income	662	427	422	8,016	(8,015)	1,512
Expenses:						
Technical support expenses	(295)	(988)	(567)	(1,285)	332	(2,803)
Distribution costs	(341)	(722)	(729)	(309)	227	(1,874)
Administrative expenses	(395)	(704)	(447)	(1,159)	280	(2,425)
Other operating expenses	(429)	(1,638)	(85)	(15)	81	(2,086)
Finance costs	(1)	-	-	-	-	(1)
Share of profit from an equity-accounted associate	-	1,150	-	-	6	1,156
Profit/(Loss) before income tax	3,037	(834)	1,085	7,613	(8,100)	2,801
Income tax expenses	19	(311)	(1)	(35)	(1)	(329)
Profit/(Loss) for the year	3,056	(1,145)	1,084	7,578	(8,101)	2,472
Profit/(Loss) attributable to:						
Owners of the Company	3,056	(1,018)	552	7,578	(8,101)	2,067
Non-controlling interest	-	(127)	532	-	-	405
Profit/(Loss) for the year	3,056	(1,145)	1,084	7,578	(8,101)	2,472

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. Segment information (Continued)

Business segments (Continued)

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2010 (Continued)						
Other information:						
Depreciation, net of amount capitalised into intangible assets	195	295	48	35	(2)	571
Amortisation	510	33	90	1	(7)	627
Interest income	399	-	14	2	-	415
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 of intellectual property	874	973	-	130	(193)	1,784

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.

Revenues 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. Segment information (Continued)

Geographical segments (Continued)

	Revenue \$'000	Total assets \$'000	Capital expenditure \$'000
2011			
South East Asia	11,145	28,222	4,629
South Asia	1,321	4,569	397
Middle East and Africa	1,413	967	–
Others	68	64	–
	<u>13,947</u>	<u>33,822</u>	<u>5,026</u>

Investment in an associate (Note 15)

798

Unallocated assets

42

34,662

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Group \$'000
External sales					
South East Asia	5,779	664	4,447	255	11,145
South Asia	23	1,262	36	–	1,321
Middle East and Africa	–	1,413	–	–	1,413
Others	3	43	22	–	68
Total	<u>5,805</u>	<u>3,382</u>	<u>4,505</u>	<u>255</u>	<u>13,947</u>

	Revenue \$'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	
		<u>35,670</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

33. Segment information (Continued)

Geographical segments (Continued)

	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	6,490	4,513	7,212	8	18,223

Contract type

External sales	2011			2010		
	System Sales \$'000	Managed Services \$'000	Group \$'000	System Sales \$'000	Managed Services \$'000	Group \$'000
Revenue	5,048	8,899	13,947	9,778	8,445	18,223
Gross profit	2,135	5,450	7,585	4,077	5,245	9,322
Gross profit (%)	42%	61%	54%	42%	62%	51%

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

- (a) System 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.
- (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, and an operating lease with a lessee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

34. Significant events subsequent to the financial year end

- a) On 16 January 2012, the Group completed the acquisition of 228,000 ordinary shares, representing the remaining 60% of the entire issued share capital of Ahead Mobile Sdn Bhd (the "Acquisition") from Lee Yang Dong for a total consideration of up to approximately RM22.5 million (equivalent to S\$9.3 million). Following the completion of the Acquisition, the Group owns 100% of the equity interest in Ahead Mobile Sdn Bhd.

The Acquisition allows the Group to consolidate and account for Ahead Mobile Sdn Bhd as a wholly-owned subsidiary of the Group, with full ownership and absolute control over its operations and cash flows. In addition, it provides the Group with flexibility in implementing its business strategies and plans for Ahead Mobile Sdn Bhd.

Pertinent information on the acquisition are as follows:

- (i) Purchase Consideration

	Group \$'000
Cash paid	5,144
Contingent consideration	4,115
Total purchase consideration	<u>9,259</u>

- (ii) Effect on cash flows of the Group

	Group \$'000
Cash paid (as above)	5,144
Less: cash and cash equivalents of subsidiary acquired *	<u>(1,082)</u>
Cash outflow on acquisition	<u>4,062</u>

* Based on the unaudited cash and cash equivalents in Ahead Mobile Sdn Bhd as at 16 January 2012 translated using the prevailing market foreign exchange rate as at 16 January 2012.

The initial accounting for the acquisition completed after the financial year is still incomplete as at the date of this report. Consequently, it is impracticable for the Group to make complete business combination disclosures as required by FRS 103 such as:

- (i) The acquisition date fair value of assets acquired and liabilities assumed, or assets and liabilities arising from contingencies;
- (ii) The acquisition date fair value of total consideration transferred;
- (iii) The goodwill or bargain discount, if any and intangibles acquired;
- (iv) The related tax implication; and
- (v) The amount of acquisition related cost and the amount recognised as expense
- b) On 22 March 2012, the Company announced that Unified Communications (Shenzhen) Pte Ltd ("UCSZ"), which is the Group's wholly-owned subsidiary in the People's Republic of China, had been voluntarily wound up on 20 March 2012.

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2012

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	5	0.28	1,148	0.00
1,000 - 10,000	823	45.85	5,791,269	1.81
10,001 - 1,000,000	945	52.65	54,584,000	17.08
1,000,001 and above	22	1.22	259,196,258	81.11
TOTAL	1,795	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	Raffles Nominees Pte Ltd	6,860,000	2.15
5	Chang Shaw Hwa	5,852,000	1.83
6	HSBC (Singapore) Nominees Pte Ltd	5,090,000	1.59
7	Lim Poh Keng	3,282,000	1.03
8	Phillip Securities Pte Ltd	3,067,990	0.96
9	OCBC Securities Private Ltd	2,771,000	0.87
10	UOB Kay Hian Pte Ltd	2,305,000	0.72
11	DBSN Services Pte Ltd	2,269,000	0.71
12	Tan Eng Chua Edwin	2,094,000	0.66
13	Wong Yoke Lu	2,060,000	0.64
14	Goh Peng Hock	2,000,000	0.63
15	Yan Kim Poh	1,950,000	0.61
16	DBS Nominees Pte Ltd	1,940,000	0.61
17	United Overseas Bank Nominees Pte Ltd	1,685,000	0.53
18	Ong Wooi Siang	1,455,000	0.46
19	OCBC Nominees Singapore Pte Ltd	1,317,000	0.41
20	DBS Vickers Securities (S) Pte Ltd	1,268,000	0.40
TOTAL		257,018,258	80.45

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 21 March 2012, approximately 34.1% 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 Furama RiverFront Hotel, 405, Havelock Road, Singapore 169633, Jupiter III, Level 3 on Friday, 27 April 2012 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 2011 and the Reports of Directors and Auditors thereon. **Resolution 1**
2. To approve the Directors' Fees of S\$80,000 for the financial year ended 31 December 2011. **Resolution 2**
3. To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:-
 - (a) Mr Wong Tze Leng **Resolution 3**
 - (b) Mr Phuah Peng Hock **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
 - (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:-
 - (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior shareholders' approval is required under the Listing Rules, an issue of treasury shares will not require further shareholders' approval and will not be included in the aforementioned limits.

NOTICE OF ANNUAL GENERAL MEETING

5. Authority to allot and issue shares (Continued)

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

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

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

Dated this 12th day of April 2012

By Order of the Board

Tan Siew Hua
Company Secretary

Explanatory Notes:-

1. The ordinary resolution in item 3 is to re-elect the retiring Directors pursuant to Article 103 of the Company's Articles of Association:-
 - (a) Mr Wong Tze Leng will, upon re-election as a Director of the Company, remain as the Executive Chairman of the Company.
 - (b) Mr Phuah Peng Hock will, upon re-election as a Director of the Company, remain as the Chairman of Remuneration Committee, a member of the Audit and Nominating Committee of the Company.
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 One 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 2011 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 Furama RiverFront Hotel, 405, Havelock Road, Singapore 169633, Jupiter III, Level 3 on Friday, 27 April 2012 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 2011 and the Reports of Directors and Auditors thereon.	Resolution 1		
2.	To approve the Directors' Fees of S\$80,000 for the financial year ended 31 December 2011.	Resolution 2		
3.	To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:- (a) Mr Wong Tze Leng (b) Mr Phuah Peng Hock	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 _____ 2012

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, Cap. 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 notorially certified copy thereof, must be deposited at the registered office of the Company at 168 Jalan Bukit Merah, Connection One Tower 3, #04-08A, Singapore 150168 not later than 48 hours before the time appointed for the Annual General Meeting. The completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
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, Cap. 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.

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