

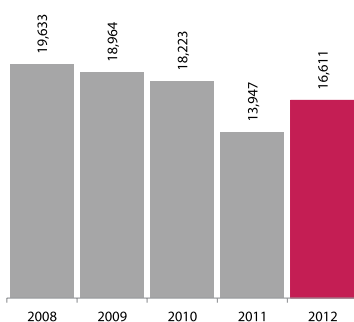


Unified Communications Holdings Limited **Annual Report 2012**

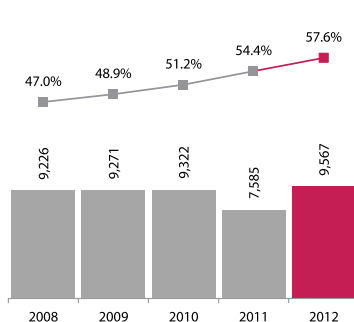
Annual Report 2012

Financial Highlights

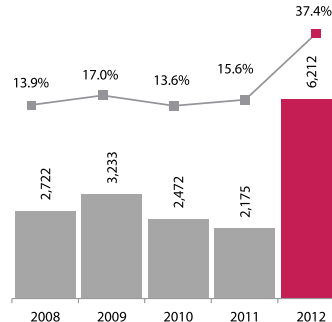
Revenue (S\$000)



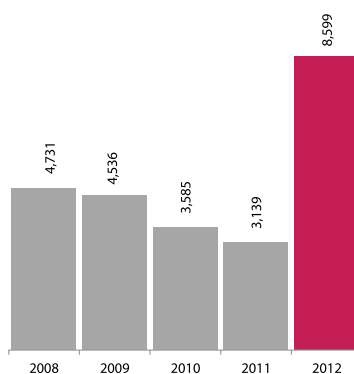
Gross Profit (S\$000) & Gross Profit Margin (%)



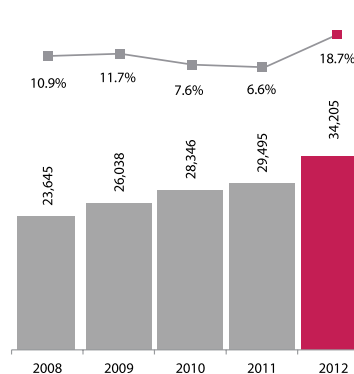
Net Profit (S\$000) & Net Profit Margin (%)



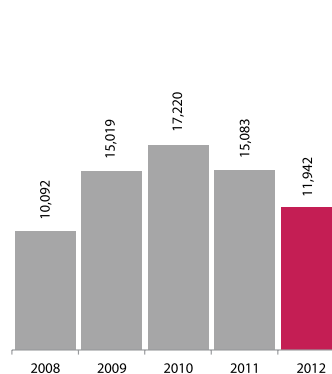
EBITDA (S\$000)



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	2008	2009	2010	2011	2012
Revenue	19,633	18,964	18,223	13,947	16,611
Gross profit	9,226	9,271	9,322	7,585	9,567
Total operating expenses	9,266	8,020	9,188	7,683	9,664
EBITDA	4,731	4,536	3,585	3,139	8,599
Profit before income tax	2,733	3,287	2,801	2,435	6,934
Net profit	2,722	3,233	2,472	2,175	6,212
Basic earnings per share (cents)	0.78	0.91	0.65	0.60	1.86

Consolidated Balance Sheet Data

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

Years ended 31 Dec	2008	2009	2010	2011	2012
Total assets	33,020	34,810	35,670	34,662	43,610
Working capital	18,234	16,490	18,151	17,659	14,258
Cash and cash equivalents	10,092	15,019	17,220	15,083	11,942
Borrowings	109	10	-	-	-
Shareholders' equity	23,645	26,038	28,346	29,495	34,205
Net asset value per ordinary share (cents)	7.40	8.15	8.87	9.23	10.70

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 optimisation problem. Our solutions comprise two components: first, a technical component made up of one or several Unifiedcomms software products and professional services, and secondly, a commercial component that allows our customers to elect the most suitable business model for obtaining our technical solution component – either on an outright purchase, managed service, or pay-per-use/pay-as-you-go model.



Voice Revenue Optimisation

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



Mobile Media Service Delivery

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



Roaming Revenue Optimisation

Maximises voice call and SMS revenues generated from roaming subscribers by capturing highly profitable international roaming voice call and SMS 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 subscribers with 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 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 2012 Contents

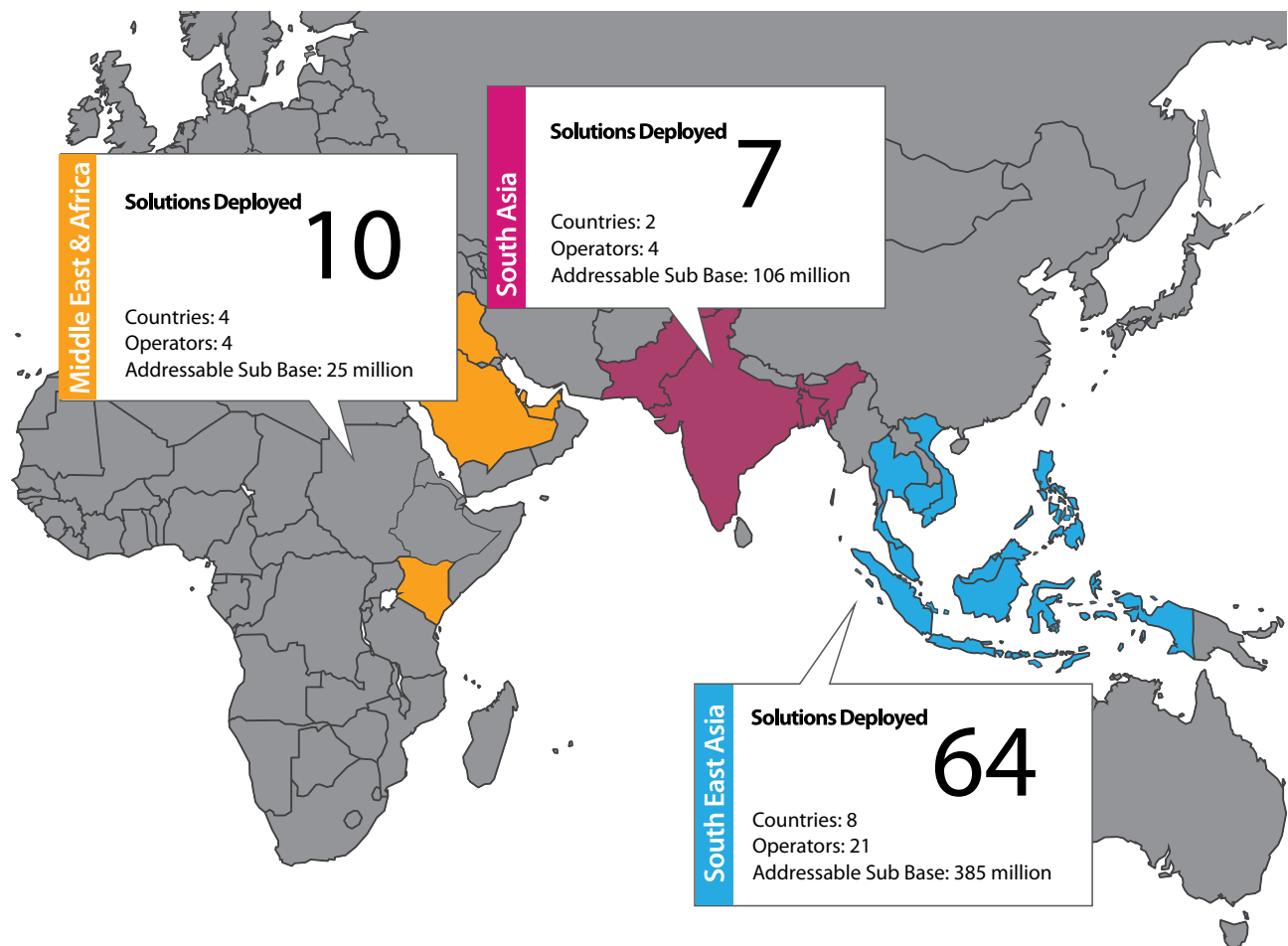
Financial Highlights (inner cover) / Leave It to Us (pg 1) / Solution Deployment Footprint 2012 (pg 2) / Executive Chairman's Letter (pg 3) / Chief Executive's Message (pg 5) / Corporate Information (pg 13) / Board of Directors (pg 14) / Key Executive Team (pg 16) / Corporate Governance Report (pg 19) / Financial Statements (pg 27) / Statistics of Shareholdings (pg 97) / Notice of Annual General Meeting (pg 98) / Proxy Form (enclosed)

Solution Deployment Footprint

Our Install Base as at End-2012

By the end of the 2012 financial year we had 81 solutions implemented in 29 mobile network operators and integrated telecoms service providers in 14 countries around the world. These customers of ours had amassed a combined base of some 516 million subscribers.

For this year's annual report we've used the front cover to celebrate the fifteen-year anniversary of the founding of our Group using photos from events and activities that we have held or participated in since 1998. In these photos you will see the many faces that have contributed to our success and that have been responsible for delivering the 81 solutions in 29 mobile network operators and integrated telecoms service providers the world over.



Annual Report 2012

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 2012.

Higher revenue and net profit and yet, it could have been a better year

Our Group entered the 2012 financial year on the back of four profitable years. At the start of the year we continued to have a significant cash reserve at our disposal to fund the growth of our business. The year however, ultimately proved to be a mixed one. In terms of Group revenue and audited net profit, we seemed to have turned in a very good set of results compared to 2011. Yet when we look more closely at the performance of the underlying business of each of our business units, it was a financial year that was below expectations.

Our mobile technology business (TECH BU) and mobile value-added-services business (VAS BU), both recorded higher revenue for 2012, while our operation support systems business (OSS BU) posted a decline. TECH BU's revenue for 2012 was S\$6.5 million, up 11% against S\$5.8 million achieved the year before. VAS BU achieved a higher increase in revenue of 74%, with its 2012 revenue being S\$5.9 million compared to S\$3.4 million last year. OSS BU's revenue meanwhile fell 11% to S\$4.0 million in 2012 against the S\$4.5 million it achieved in 2011. The higher revenue delivered by TECH and VAS BU - which more than offset the decline in OSS BU revenue performance - contributed to the S\$2.7 million increase in 2012 Group revenue to S\$16.6 million.

Gross profit achieved by our Group was higher this year, in line with the higher revenue recorded. However, the magnitude of the increase was greater than that of revenue - gross profit rose by 26%, as compared to the 19% increase in revenue. This reflected the higher average gross profit margin for the year of 58%, which resulted from the more favourable sales mix of 2012, where higher margin managed service contract revenues comprised 77% of Group revenue for the year. Group profit before tax for 2012 came in at S\$6.9 million, about 185% higher compared to the S\$2.4 million delivered the year before. Our profit after tax for the year meanwhile was S\$6.2 million, 186% higher than the S\$2.2 million achieved last year.

Recording our fifth consecutive year of profits, going into our 15th year of business

On the face of it, the year was significant in that it represented our fifth consecutive year of profitability and was a marked improvement on our performance the year before, especially

at the net profit level. The almost threefold increase in net profit translated to a step-jump of our Group's return on equity to 18.7%. The 2012 financial results seem to indicate that we had indeed, restored growth in Group revenue and improved returns to our shareholders as we moved into our 15th year of being in business.

This apparent improvement in our bottom-line performance was however largely attributable to a one-off, non-cash, fair value gain we realised on the 40% equity interest we had in Ahead Mobile Sdn Bhd ("AMSB") before completing its acquisition in 2012. The revaluation of this pre-existing equity holding in AMSB yielded a substantial S\$5.2 million gain, which went straight to our 2012 bottom-line. Taking away the sizeable contribution of this fair-value gain, we see a truer picture of the financial performance of our underlying business. In spite of the higher revenue at TECH and VAS BU, higher cost of sales due to higher depreciation and amortisation charges relating to managed service contracts as well as higher operating and other expenses for the year, resulted in considerably lower profitability. S\$2.0 million in additional operating and other expenses was booked into 2012, and combining this with the effect on gross profit margin of higher depreciation and amortisation charges on assets utilised for managed service contracts, the bottom-line performance of our underlying business was unfortunately worse than 2011.

Slower than expected sales and higher costs impacting underlying business performance

At the bottom of the lower profitability of our business in 2012 was the continued decline in system-sale contract revenues of VAS BU, and the higher direct and indirect expenses recorded for the year for both TECH and VAS BU. TECH BU bucked the system sales trend by recording a 46% increase in system sale revenues to complement its 6% rise in managed service revenues. BU profitability was however reduced owing to the significantly higher costs and expenses incurred in the year. VAS BU's 75% decline in system sale revenue versus 2011, meanwhile, coupled with slow progress in completing new system implementations or in monetising implemented services, and higher other expenses led to considerably lower profitability in 2012 - especially if the positive effect of the AMSB fair value gain and the consolidation of AMSB results are excluded from this BU's results. OSS BU, which suffered an 11% revenue decline against 2011 - primarily due to a 19% or S\$0.6 million drop in system sale revenues - secured a marginal improvement in profit performance for the year, courtesy largely of a reduction in BU operating expenses.

Annual Report 2012

Executive Chairman's Letter

Against this backdrop of the generally poorer-than-expected financial performance of our underlying business in 2012, the new financial year ahead will need to be treated by management of our Group as a catch-up year: a year to significantly improve our management of the execution risk of our new business plan from last year to deliver results that were expected in 2012, but that ultimately did not materialise. To tackle the persistent slowdown in the system sale market for our existing platform products in TECH and VAS BU, we adopted a new growth and development plan that centred on the design, development and monetisation by managed service model of 'end-user-application-services' rather than platform products. Several key managed service contracts we have in-hand, and secured in earlier years, which involved the delivery of application services on a revenue-sharing model however continued to be beset by delays in 2012, resulting in a much poorer-than-expected financial showing at VAS BU. Thankfully these delays were all overcome in the early part of 2013, and recently secured contracts are progressing at a good pace.

Management of our Group also spent a good part of 2012 identifying and exploring 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. We have started to work on opportunities in one new market segment, and hope to see further progress in converting these opportunities into sales in 2013 and beyond.

Continuing to look for growth by acquisition opportunities

The significant improvement in our audited net profit for the year translated to a substantial improvement in the return on shareholders' equity (ROE) for our Group. ROE for the year rose to 18.7%, considerably higher than the 6.6% achieved in 2011. Excluding the effect of the AMSB fair value gain on our 2012 net profit, ROE achieved from our underlying business was considerably lower. Apart from the aim of improving our execution to deliver the expected level of returns from our underlying business in 2012, we started the year with adequate cash balances to continue with the plan of augmenting organic growth with growth-by-acquisition and strategic investment. Management of our Group identified and screened many candidates for acquisition and strategic investment in 2012 but none could be progressed further to consummation. The work to continue to identify, screen and engage on new acquisition and strategic investment opportunities will be sustained in 2013.

Balance sheet strength and dividends

Other than completing the acquisition of the remaining 60% equity interest in AMSB, our investments in 2012 remain confined to reinvestment in our existing businesses for product development as well as in assets to support the fulfilment of new and existing managed service contracts. As a result, we continued to have a strong balance sheet at year-end 2012: zero borrowings and ample cash and cash equivalents of S\$11.9 million. This was also after declaring and paying to shareholders a dividend for the third year running. We had on 18 September 2012, paid a tax-exempt interim dividend of 0.15 Singapore Cents per share, a 50% increase on the dividend paid in 2011. 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 2012.

In gratitude

2012 proved to be another challenging year for our Group. We ended the year with good financial results but did not deliver the performance we had expected from our underlying business. We faced challenges with resolve and addressed new opportunities with urgency in 2012. This will continue in the new year ahead. To the talented and spirited individuals that make up the Unifiedcomms Group and did their utmost to tackle this challenging year, I extend my deepest gratitude for your commitment and dedication and ask for your continued passion and persistence in 2013, to move our business onward and upward. To you, our shareholder, I thank you for your continued belief and patience in us and our business. Last but certainly not least, my thanks go to the government agencies and regulatory bodies for your guidance and continued support.

Wong Tze Leng

Group Executive Chairman

18 March 2013

2012 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 the financial results of our Group for the 2012 financial year.

An overview of our business

There has been no significant change in the business of our Group since I last wrote to you. I am very happy to write that in 2013 we celebrate the 15th anniversary of the founding of our Group. Throughout 2012, we continued to address mobile network operators and integrated telecoms 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 of three regions: South East Asia (SEA), South Asia (SA) and the 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 customer. Each solution comprises first a technical component made up of one or several of our software products and professional services for their adaptation and implementation, and secondly 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 2012, there are a total of 186 people that are employed by our Group's subsidiary companies. The majority of these personnel are located in Malaysia, where our operational headquarters is situated, while the rest work out of Singapore, Pakistan and Thailand.

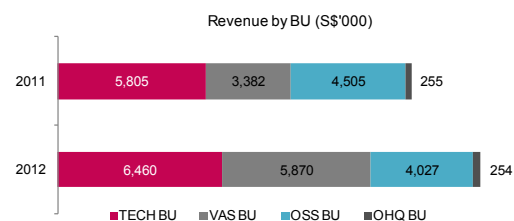
Our business remains organised as 3 market-facing business units: we have a Mobile Technology Business Unit (TECH BU); a Mobile Value-Added-Services Business Unit (VAS BU); and lastly an Operation Support Systems Business Unit (OSS BU). In addition, we have an Operational Headquarters Business

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. OHQ BU however continues to show some external revenue being generated. This external revenue is the rental income yielded by the investment property our Group acquired back in 2011.

Generally a positive year for Group revenue, but mixed for BUs

The 2012 financial year was a positive year for our business in terms of Group revenue but a mixed one when we examine the performance of each of our three market-facing BUs. Group revenue rose by S\$2.7 million or 19% against last year - yet not all our BUs showed an increase in their 2012 revenues.

Two BUs delivered improvements against their 2011 revenue results while one experienced a decline. TECH BU showed a S\$0.7 million or 11% improvement in topline performance, turning in total revenue of S\$6.5 million in 2012. VAS BU also recorded an improvement in revenue against the year before, recording a substantial S\$2.5m or 74% increase in revenue, to end 2012 with total revenue of S\$5.9 million. While the TECH BU revenue results for 2012 reflect higher system sale and managed service revenues for the year, the VAS BU increase in revenue for the year was primarily due to the consolidation of Ahead Mobile Sdn Bhd ("AMSB") as a subsidiary from the second half of January 2012 onwards. In prior years we only saw contribution from AMSB as an associate. The S\$0.3 million in revenue generated by OHQ BU for 2012 relates to the passive rental income from our investment property, and remains largely unchanged from the year before.

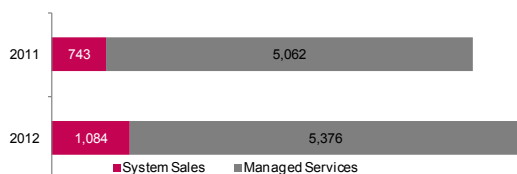


TECH BU's 11% improvement in revenue for the year was driven equally by increases in system sale and managed service contract revenues. TECH BU revenue from system-sale contracts rose from S\$0.7 million to S\$1.1 million in 2012 while managed service revenues was up 6% against 2011 results, rising to S\$5.4 million.

2012 Year in Review

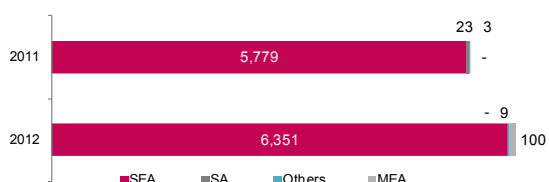
Chief Executive's Message

TECH BU Revenue by Type of Contract (S\$'000)



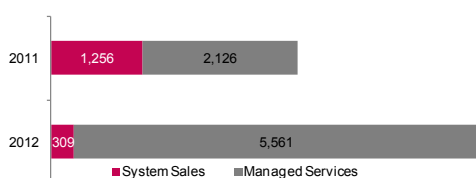
With TECH BU's customer base being chiefly from the SEA region, much like OSS BU, TECH BU SEA region revenues reflect almost 90% of the S\$0.7 million increase in total revenue achieved for 2012.

TECH BU Revenue by Geographical Regions (S\$'000)



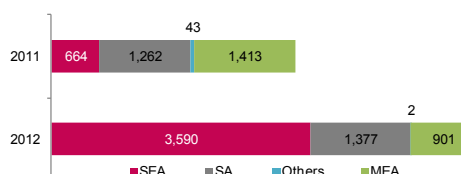
The BU with the largest increase in year-on-year total revenue, VAS BU, in contrast saw its system-sale contract revenues further shrink in 2012. The substantial decline in VAS BU system sale contract revenues - from S\$1.3 million to S\$0.3 million in 2012 - was however more than offset by the 160% increase in managed service revenues, which rose from S\$2.1 million to S\$5.6 million in 2012.

VAS BU Revenue by Type of Contract (S\$'000)



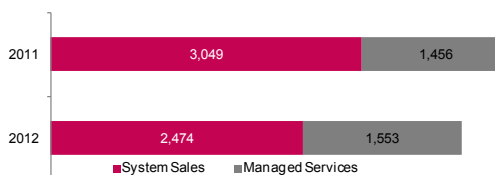
The decline in VAS BU system sale contract revenues in 2012 reflects a slowdown in the system sale business in both MEA and SEA regions. The MEA region revenue decline of 36% or S\$0.5 million is entirely accounted for by lower system sale revenues while for the SEA region, the reduction in system sale contract revenues had been more than offset by the substantial increase in SEA managed service revenues arising from the consolidation of AMSB in 2012. The AMSB business, much like TECH and OSS BU, is concentrated in the SEA region. VAS BU sales results from the SA region meanwhile continued to show encouraging growth, improving 9% or S\$0.1 million against 2011, driven entirely by an improvement in managed service contract revenues. This increase in SA region revenue in 2012 would have been higher had it not been for the weakening currency in which these contracts were denominated, which had somewhat dampened the underlying improvement in managed service contract performance.

VAS BU Revenue by Geographical Regions (S\$'000)



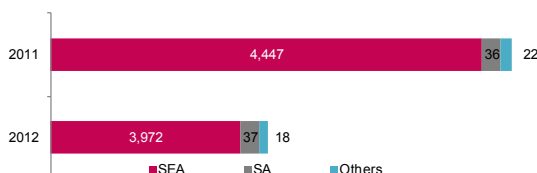
In 2011, our OSS BU experienced a substantial decrease in system sale contract revenues. This trend persisted in 2012, although the decline was much less pronounced and its impact on total OSS BU revenues somewhat offset by the results of an increased emphasis on growing managed service contract revenues. System-sale contracts have been the predominant contract type for OSS BU and continue to be so. In 2012 OSS BU was faced with fewer system sale contract wins, resulting in a S\$0.6 million or 19% decline in system sale contract revenues for the year. This was however partially offset by the S\$0.1 million or 7% increase in 2012 managed service contract revenues.

OSS BU Revenue by Type of Contract (S\$'000)



The S\$0.5 million decline in OSS BU revenue from the SEA region reflects the S\$0.6 million drop in system-sale contract revenues between 2011 and 2012. OSS BU continues to have both its system sale and managed service business concentrated in the SEA region.

OSS BU Revenue by Geographical Regions (S\$'000)



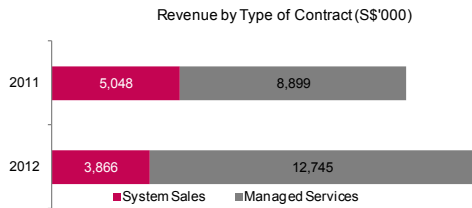
Reduced significance of system sale revenues

This year, what was common to TECH, VAS and OSS BU was the increased significance of efforts in growing managed service contract revenues and the results achieved from these efforts. The lower system sale contract revenues at VAS and OSS BU this year accounted for almost all of the S\$1.2 million decline in Group system sale contract revenue. Courtesy largely to the revenue contribution from AMSB to VAS BU managed service contract revenues following its consolidation as a subsidiary, our Group grew managed service contract revenues from

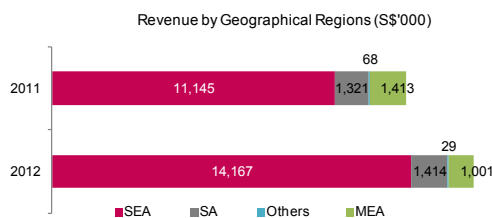
2012 Year in Review

Chief Executive's Message

S\$8.9 million to S\$12.7 million in 2012. This improvement of S\$3.8 million or 43% countervailed the continued decline in system sale revenue and resulted in our Group ending the year with S\$16.6 million in consolidated revenue as opposed to the S\$13.9 million achieved for 2011.



We expected the year to be a challenging one for all our BUs, especially the system sale business in the MEA and SEA regions. The MEA region's contribution to total Group revenue continued to decline in 2012 to S\$1.0 million from S\$1.4 million the year before. However the regions that proved disappointing this year were SEA and SA. Taking away the contribution of the now-consolidated AMSB business to our Group topline, SEA region revenues were lower and below expectation, largely due to lower revenue at OSS and VAS BU. SA region revenues were meanwhile lower than expected due to the adverse impact of a weakening of the local currency in which this region's managed service contracts are denominated.

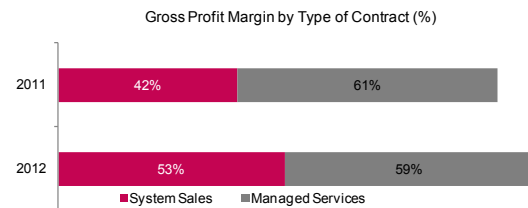


Our Group counted SEA, our home region, as the largest geographic source of revenue and gross profit in 2011. The significance of this region as a source of our Group's revenues was further reinforced in 2012, with SEA accounting for 85% of Group revenue as compared to 80% in 2011.

Higher gross profit achieved, in line with higher revenue

In line with the higher consolidated revenue of S\$16.6m for the 2012 financial year, a 19% gain on 2011 revenue, absolute gross profit achieved for the year was higher compared to 2011. Group gross profit for 2012 was S\$9.6 million, up by S\$2.0 million or 26% against what was achieved in 2011. Gross profit grew faster than revenue due to the sales mix achieved in 2012 – where the higher gross profit margin-managed service contract revenues accounted for more than 77% of total Group revenue. In contrast with last year, where system sale contract revenues yielded an average gross profit

margin of 42%, in 2012, due to a much more favourable sales mix especially at OSS BU, our Group's average system sale contract gross profit margin was substantially higher at 53%. These improvements in realised gross profit margin on both system sale and managed service contracts in 2012 resulted in Group gross profit margin touching 58%, up from 54% the year before.



This improvement in the gross profit of our Group would have been even greater had managed service contract margins been maintained, if not bettered. Managed service contract margins declined in 2012 largely because of higher depreciation and amortisation costs of assets employed in the delivery of these contracts.

With the completion of the acquisition of AMSB taking place in early 2012, the sales mix of our Group has continued to evolve as planned - resulting in Group managed service contract revenues being significant enough to permit the diversification away of the risk to Group revenue and profit growth, of lumpy system-sale contract based revenues. During the year we managed to move further along in surpassing our target sales mix of greater than fifty percent of Group revenue being derived from managed service contracts.

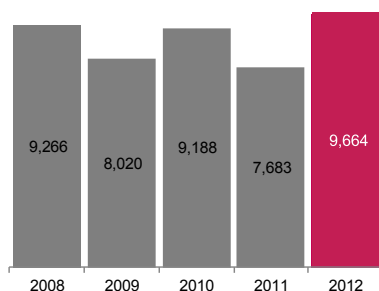
Higher total opex this year, before and after exceptional items

Our Group's operating expenditure for the year increased to S\$9.7 million as compared to S\$7.7 million in 2011. The reasons for the increase are manifold and include the consolidation of operating expenses of AMSB as a subsidiary in 2012; higher foreign exchange losses as a result of unfavourable exchange rate movements of the US Dollar and Pakistan Rupee against the Singapore Dollar; and finally provisions made for the impairment of development costs, plant and equipment and other assets relating to certain managed service contracts that have been assessed at year-end as being likely to produce lower than expected profitability and returns. This assessment of managed service contracts will continue to be performed on an annual basis by Group management beyond the current financial year.

2012 Year in Review

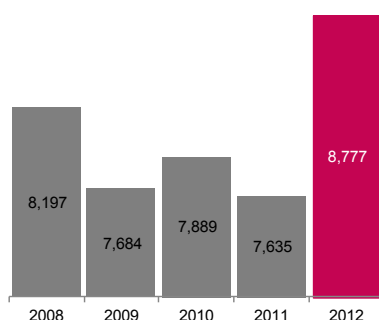
Chief Executive's Message

Operating Expenditure (S\$'000)



Approximately half of the S\$2.0 million rise in Group operating expenditure in 2012 is related to expenses that can be considered exceptional in nature. Excluding the effect of these exceptional items, our opex for the year, which from this year onwards includes the opex of AMSB, was S\$1.2 million higher at S\$8.8 million, compared to S\$7.6 million for 2011.

Operating Expenditure before Exceptional Items (S\$'000)

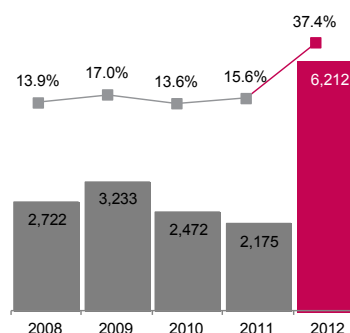


Higher bottom line for the year, but actually a muted year for our underlying business

2012 marks our fifth consecutive year of being in the black. Group net profit for the year, at S\$6.2 million, is 186% higher than the S\$2.2 million achieved in 2011. This substantial increase in our Group's bottom line reflected the large fair value gain that we enjoyed on the revaluation of the pre-existing 40% equity interest that we held in AMSB prior to the acquisition of the remaining 60% in January 2012. This one-off, fair value gain had no cash impact on our business and amounted to a sizeable S\$5.2 million. When the contribution of this fair value gain is excluded, the performance of our underlying business in 2012 is rather muted. In spite of the increase in consolidated revenue, the net profit performance of our underlying business was affected by higher direct and indirect operating costs. The average gross profit margin on our managed service contract revenues was crimped by higher depreciation and amortization charges relating to

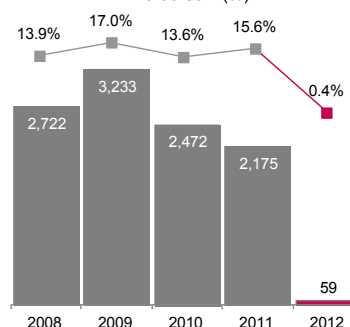
managed service contract assets that have been put into use, while the annual review and reassessment by management of our Group's intellectual property and existing managed service contracts' future outlook in terms of revenues and profit, as mentioned earlier on, resulted in a provision for impairment which directly and significantly impacted our bottom line.

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



Given these circumstances, our Group achieved 37% audited net profit margin for 2012, versus 16% for 2011. In contrast, if the effect of the fair value gain on AMSB is removed, our Group net profit margin would instead decline to 0.4%, reflecting the impact of these higher operating expenses as well as the exceptional expenses incurred in the year.

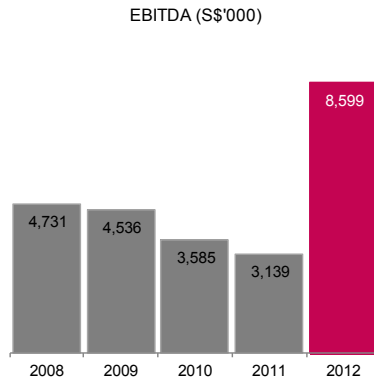
Net Profit before Fair Value Gain (S\$'000) & Net Profit Margin before Fair Value Gain (%)



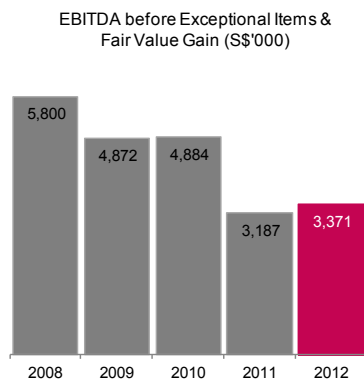
The flow-down effect of higher Group net profit after exceptional items and the AMSB fair value gain, and lower Group net profit if exceptional items and the same fair value gain were excluded, is very clearly reflected in our EBITDA results for the year.

2012 Year in Review

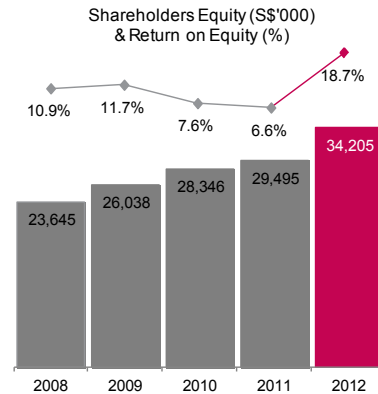
Chief Executive's Message



EBITDA rose to S\$8.6 million in 2012, a substantial increase of 174%, almost in tandem with the 186% rise in net profit. A significant proportion of this EBITDA improvement is accounted for by the impact on Group net profit of the AMSB fair value gain, as explained earlier. Removing the effect of this one-off, non-cash item, and also excluding exceptional items for the year, a clearer picture of the cash generation performance of our underlying business can be obtained. EBITDA before exceptional items and fair value gain stood at S\$3.4 million for 2012, marginally better than the S\$3.2 million achieved in 2011.



Because of the higher net profit delivered in 2012, our Group's return on equity (ROE) for 2012 rose sharply to 18.7% from the 6.6% achieved in 2011. This double-digit outcome for 2012 was certainly a welcome one after a disappointing 2010 and 2011 for this particular performance metric. Of course this positive outcome was aided by the outsized income contribution from the AMSB fair value gain. Without the benefit of this exceptional item for the year, we certainly would have had a much lower ROE for 2012.



Although the performance of our underlying business in 2012 was hardly as positive as the audited net profit and ROE recorded for the year, we did manage to secure progress in growing the managed service contract portfolio of our business. The application services delivered on managed service, revenue-sharing contracts which were newly launched in late 2012 or earlier 2013, are expected to meaningfully contribute towards addressing the additional direct and indirect expenses that our business incurred in 2012. With the expected improvement in the performance of our underlying business in 2013, I am optimistic of our being able to further extend our dividend payout track record – to match if not further improve the on the dividend of 0.15 Singapore Cents per share that was paid in 2012.

Growth by acquisition

As at end-2011, we continued to have more than sufficient capital to augment our organic growth plans with growth by acquisition and strategic investment. This remains an essential element of our current business plan that targets sustained, double-digit Group profit growth and a significant uplift of our ROE performance. So far, we completed the acquisition of our investment property in MSC-status Plaza Sentral, Kuala Lumpur in 2011, and in 2012, the acquisition of the remaining equity interest of AMSB which we did not already own, to turn AMSB into a subsidiary of our Group. Both these acquisitions have positively contributed to the revenue and profits of our Group in 2012.

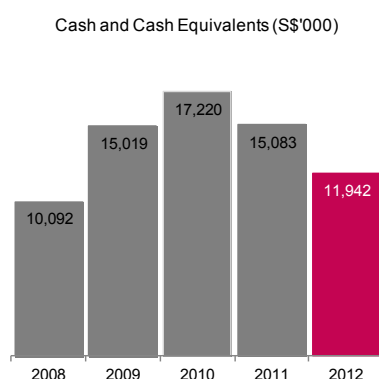
There was significant effort undertaken by Group management in identifying and evaluating acquisition and strategic investment candidates for our Group during the course of the year. I regret to report that none of our engagements in the year were fruitful. Towards the end of 2012 we reappraised and redesigned our inorganic growth plans for 2013 onwards. I will elaborate on this after we complete the review of our Group's balance sheet and cash flows for 2012.

2012 Year in Review

Chief Executive's Message

Reviewing our 2012 balance sheet positions

Now to turn to our Group's balance sheet as at the end of the 2012 financial year: we ended 2012 with lower current assets of S\$19.8 million, as compared to S\$21.5 million as at end-2011. This can be attributed to the net decrease in cash and cash equivalents from S\$15.1 million to S\$11.9 million – arising largely from payment of consideration for the acquisition of AMSB. This decline in cash was however offset by the rise in trade receivables as at year-end, attributable directly to AMSB-related receivables.



Our total non-current assets increased by S\$10.6 million or 81% in 2012, to close at S\$23.8 million as at 31 December 2012, compared to the balance of S\$13.1 million as at the end of the previous financial year. This increase is attributable primarily to the acquisition of AMSB, as previously mentioned, which resulted in goodwill of S\$12.8 million. The impact of this acquisition and the associated goodwill on total non-current assets was however offset by the decrease in non-current receivables as a result of the reclassification of the non-current portion of a trade receivable to current.

Total liabilities of our Group as at 31 December 2012 increased by S\$4.0 million, or 103%, from S\$3.9 million as at 31 December 2011, to S\$7.9 million. The increase in liabilities in 2012 was due to the increase in current and non-current other payables in connection with the contingent consideration payable for the AMSB acquisition. In terms of debt, we remained debt free at the close of the 2012 financial year.

Reviewing movements in Group cash

Our Group's cash from operations for 2012 was S\$3.3 million, compared to S\$2.0 million in the previous year. This 67% increase in cash from operations is mainly attributable to the higher revenue and gross profit achieved for the year that was only partially offset by higher operating expenses. Our operating cash flow before working capital changes for 2012 increased to S\$3.1 million as compared to S\$1.3 million for 2011.

In terms of cash flows relating to investment and financing activities of our Group, in 2012 we invested S\$4 million towards the first tranche of purchase consideration for the AMSB acquisition, and placed a further S\$3.7 million relating to contingent consideration for the same acquisition, with an escrow agent. 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\$1.4 million for 2012, versus S\$1.8 million for 2011. The other major cash outflow in 2012 is the higher dividend payment to you, our shareholder, in the third quarter of the year, amounting to S\$0.5 million. This is something that we will continue to work hard on to deliver as a regular feature of future years.

2012 was a tougher year than anticipated

We expected system sale market conditions to become more challenging for our Group in 2012. This proved to be the case for not only market segments occupied by the more mature software products of TECH BU and VAS BU, but also for OSS BU. TECH BU managed to secure an increase in system sale and total revenue for the year, in spite of the tough environment, while both VAS BU and OSS BU saw further declines in system sale revenue against the previous year. The slowdown in activity of VAS BU in the MEA region coincided with the significantly reduced emphasis on the pursuit of system sale opportunities across all regions, as well as protracted or delayed procurement processes on the part of the end-customer. This de-emphasis on system sale contracts was also persisted in the SEA region, as we instead focused on aggressively adding to our managed service contract portfolio. On the whole, VAS BU managed to achieve this objective, by securing several new contracts while finally, with the cooperation of our mobile telecoms network operator and service provider partners, completing the long overdue system implementations for contracts in the SA and SEA regions that were secured back in 2010 and 2011.

OSS BU had entered the 2012 financial year with a promising outlook. However, the intensification of competition as well as reduction in spending by end-customers saw this BU end the year with lower system sale and total revenues. The increased emphasis placed by BU management on growing managed service revenues in 2012 did yield some results, but the improvement was not large enough to offset the decline in system sale revenues.

The impact of the slowdown in the system sale business of VAS and OSS BU in 2012 reaffirmed the need for our Group to more rapidly strengthen our managed service contract portfolio as the platform for delivering steady, if not rapid yet

2012 Year in Review

Chief Executive's Message

sustainable growth. It had also reaffirmed the timeliness of our acquisition of AMSB in 2012. The consolidation of AMSB revenues had certainly helped to bolster our revenue and profits for the year, against this background of a slower-than-expected system sale market for two BUs and the persistent delays VAS BU suffered in the implementation of high-value contracts in the SA region. The services that are governed by these long-delayed contracts were finally launched in early 2013, I am happy and relieved to report. The new managed service contracts of a revenue-sharing nature that we secured in 2012 were thankfully not beset by such implementation issues and delays, and progressed with relatively minimal divergence from plan. Two recently launched services are showing immense promise, and growing rapidly in subscriber base by the day. The new year ahead for our managed service business across all BUs will be about catching up on lost time (and revenue), and to deliver in 2013 what was expected of 2012.

Challenges and opportunities in 2013 and beyond

Apart from the contribution of existing long-standing managed service contracts, one of which is subject for renewal negotiations in 2013, the bulk of the revenues that are expected to be realised by TECH BU in 2013 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 some MEA-originated opportunities in the TECH BU sales funnel, although their conversion to secured sales continues to be a very difficult matter to predict. Several greenfield opportunities within the SEA region are expected to be secured and delivered by TECH BU in the coming year, and these certainly look positive at time of writing. VAS BU meanwhile, will continue to have MEA as a source of system sale contract revenues, although 2013 will see this BU's efforts and growth being concentrated in the SEA and SA regions. OSS BU is expected to continue to face a highly competitive and challenging system sale market in 2013.

I expect several of the newly implemented managed service contracts as well as the many new contracts that have been secured and are expected to be secured by VAS BU (including AMSB) and TECH BU in 2013, to augment the performance expected from existing contracts. The challenge that we, at Group and BU management will continue to have, is on how to better manage execution risk and more quickly translate secured contracts into substantial sources of recurrent revenue for our Group - in order to turn each contract to break-even and profitable performance sooner rather than later.

Looking to the year ahead and beyond, the common challenge I can see being faced by our three market-facing business units is how to do better at managing system implementation and

application service monetization risks. Our Group's financial performance was adversely affected in 2011 and 2012 by the delays in either completing technical integration and system implementation, or in implementing the best service marketing plan to suit the specific service, in order to secure steady if not rapid growth in usage or users. We have built the capacity and capability within our Group to address this from 2013 onwards. We have also tightened and markedly improved our contract investment and selection criteria to avoid being significantly affected by investment made in a service that does not prove to be a hit with subscribers.

We will continue to aggressively pursue and aggregate managed service contracts, especially those of a revenue-sharing nature in 2013. Together with our Group and BU management team members I am of course aiming to quickly generate meaningful new revenues from these contracts by 2013. But the fact remains that on the average, the systems underpinning the services that are the subject of these contracts take three to nine months to implement and then a further six to eighteen months is required to generate run-rate revenues and profits. The newer inclusions in our portfolio of managed service contracts can therefore be expected to truly show their contributions by 2014 and 2015.

The new 3-year business plan for our Group that commenced in 2012, involved the re-orientation 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 previously. This meant 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 we have brought to market in 2012 power high-utility application services that are either mass-market applications relevant to a broad spectrum of users, or specific applications targeting parents, women or those with dependents living abroad. The common thread to all these new services that have so far been well received by the market is that they are at their core, applications that either address well-established human needs or solve pressing problems of the subscriber as a human being. Application software products that are premised primarily on powering an end-user service with purely novelty value, but no lasting, day-to-day utility for the user, have been deprecated and will not be given any attention or investment.

The growing interest and opportunity in internet-driven value added services, mobile media services and applications delivered on an advertisement-supported or advertisement-funded model, and interactive mobile marketing continues to be recognized by Group management. I have been writing

2012 Year in Review

Chief Executive's Message

in the past two letters to you that there is an opportunity to establish our Group as one of the most significant players in this next-generation of IP-driven mobile VAS in SEA. Although this remains an overriding goal that is aligned with the emphasis being placed on managed service contract revenue growth, this year I will need to temper my remarks with an acknowledgement of what appears to be the continued relevance and significance, at least over the next two to three years, of VAS or application services that can be accessed and utilized by the most basic service subscribers, whom have irregular or limited access to a high-speed mobile internet service. Our application-service product development direction recognizes this and I am excited of the future organic growth that our utility-driven application services can provide to our Group, to well-complement more advanced, IP-driven or mobile broadband-dependent VAS.

Pursuing the opportunities within the internet-delivered application services and mobile VAS market - including those that involve mobile and digital marketing and advertising - will continue to involve a combination of organic and growth-by-acquisition initiatives.

In gratitude

In closing my report on the 2012 financial year, I would like to yet 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 I do not expect 2013 to be without its challenges. However, I remain confident that we can make the coming year a better one for our business by being well prepared to work together once again, to tackle with equal measure of urgency and creativity, the challenges and opportunities that come our way. To you, our shareholder, I thank you for your continued belief and patience in our management, our people and our business. I hope to deliver the returns that you deserve from the investment you have made in our Group, sooner rather than later. Last but not least, to the government agencies and regulatory bodies that we have sought counsel and advice from throughout 2012, my thanks for your continued guidance and support.

Anton Syazi Ahmad Sebi
Group Chief Executive Officer

18 March 2013

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: Khoo Gaik Suan Appointed from the financial year ended 31 December 2012	
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.

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 Group Managing 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 Master 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 resigned as an Independent Non-Executive Director of A.A. Anthony Securities Sdn Bhd, a subsidiary of Multi-Purpose Holdings Berhad Group on 16 January 2013.

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.

BOARD OF DIRECTORS

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.

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. 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. Ting Sai has more than 20 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 Sdn Bhd

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 on 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-Application Development

Mr Wong Kok Choy ("KC") joined the Group in January 2003 and has more than 12 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 application software products and systems of VAS BU.

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 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-Platform Development

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

TECH BU's telecommunications engineering specialists to develop platform products and systems and to deliver technical implementation and support services to the Group's customers. As Senior Manager of Platform Development, he is also actively involved in platform product management, software and solution design, as well as pre-sales support activities of TECH BU.

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 worked with Agilent Technologies & Hewlett-Packard, undertaking various leadership positions such as SEA Consulting Manager for Hewlett-Packard, Asia Pacific OSS Manager for Agilent Technologies and Managing Director for Agilent Technologies Sales Malaysia. Throughout his 18 years of experience in the OSS and telecommunications industry, Ann 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 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.

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 in 2003 and since January 2012, a wholly-owned subsidiary of the Group within VAS BU.

YD has over 24 years of experience in the information technology and telecommunications business. He has held various positions in large corporations including Programmer in Merrin Financial Inc. (USA), General Manager of Global Network Division of Samsung Group (Korea) and Chief

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

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

Yap Wai Shoong

General Manager of Ahead Mobile Sdn Bhd

Mr (Patrick) Yap Wai Shoong is the General Manager of Ahead Mobile Sdn Bhd (AMSB). He is responsible for the development, commercial management and business performance of all products and services in AMSB.

Patrick has over 20 years of experience in Malaysia and overseas. He joined AMSB in 2006 to drive the company's business initiatives in Malaysia, after having spent 3 years at Unified Communications Sdn Bhd as Regional Sales Director. Prior to joining the Group, Patrick was with DiGi Telecommunications Sdn Bhd for 10 years where he held various roles and positions in the International Carrier Services division.

Patrick holds a Bachelor of Electrical and Electronics Engineering (First Class Honours) and Masters in Engineering from University of Auckland, New Zealand.

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 delegates 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.

There was no new Director appointment during financial year ended 31 December 2012. Upon appointment of each new Director, a formal letter, setting out the director's duties and obligations shall be provided by the Company. In addition, 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 Singapore Exchange Securities Trading Limited ("SGX-ST"), the Companies Act or other regulations/statutory requirements from time to time for them to keep pace with changes in the regulatory environment and commercial risks.

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 14 to 15 of this Annual Report.

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

CORPORATE GOVERNANCE REPORT

Table A: Directors Attendance at Board and Board Committee Meetings

Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
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)

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,

- scheduling meetings of the Board and setting the Board meeting agenda in consultation with the Company's senior management;
- exercising control over quality, quantity and timeliness of the flow of information between management and the Board; and
- 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 formalised. 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:

- To make recommendations to the Board on all board appointments having regard to the Director's contribution and performance;
- To determine annually whether a Director is independent;
- 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;
- To decide on how the Board's performance may be evaluated and propose objective performance criteria to the Board; and

CORPORATE GOVERNANCE REPORT

5. To assess the effectiveness of our Board as a whole and assess the contributions by each individual Director to the effectiveness of the Board and to disclose the assessment annually.

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

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 by rotation and be eligible for re-election 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 recommended to the Board that Messrs Chuah Seong Phaik and Anton Syazi Ahmad Sebi be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his or her performance or his or her re-nomination as a Director.

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

As part of the process, the Directors will complete appraisal forms which are then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a summary report. The summary report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board as a whole has been satisfactory.

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. The appointment and removal of the Company Secretary is subject to approval of the Board.

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.

CORPORATE GOVERNANCE REPORT

The Executive Chairman is currently serving his service agreement which he has renewed for a further period of three (3) years with the Company on 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.

There are no retirement benefit schemes or share based compensation schemes in place for Directors.

Remuneration of Key Executives

Details of remuneration paid to the top twelve (12) 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.

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.

There are no employee share schemes in place for the employees or key executives.

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.

The Board also ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of SGX-ST.

Table B: Bands of Directors' Remuneration

Name of Directors	Remuneration Bands up to S\$250,000	Fee %	Salary %	Bonus %	Allowance & Benefits %	Long Term Incentives %	Total %
Wong Tze Leng	X ⁽¹⁾	-	76	10	14	-	100
Anton Syazi Ahmad Sebi	X ⁽²⁾	-	77	-	23	-	100
Chuah Seong Phaik	X ⁽³⁾	100	-	-	-	-	100
Phuah Peng Hock	X ⁽³⁾	100	-	-	-	-	100
Lee Su Nie	X ⁽³⁾⁽⁴⁾	100	-	-	-	-	100

Note:

⁽¹⁾ Pursuant to prevailing Service Agreement that renewed on 19 December 2012, Wong Tze Leng's remuneration consists of fixed salary, allowance and performance bonus.

⁽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.

CORPORATE GOVERNANCE REPORT

Table C: Remuneration Band of Key Executives

Name	Remuneration Bands up to S\$250,000	Fee %	Salary %	Bonus %	Allowance & Benefits %	Long Term Incentives %	Total %
Ho Ting Sai	X	-	85	7	8	-	100
Chin Wei Li	X	-	63	8	29	-	100
Ng Sai Kit	X	-	67	13	20	-	100
Phang Deng Sheng	X	-	68	10	22	-	100
Yong Choon Vooi	X	-	70	9	21	-	100
Wong Kok Choy	X	-	70	12	18	-	100
Loo Mun Chung	X	-	68	13	19	-	100
Ann Wan Kuan	X	100	-	-	-	-	100
Lim Peng Kwong	X	-	70	9	21	-	100
Cheah Foo Choong	X	-	77	10	13	-	100
Lee Yang Dong	X	-	100	-	-	-	100
Yap Wai Shoong	X	-	73	9	18	-	100

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);

- 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;
- 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;
- To consider the appointment and re-appointment of the external auditors and to review the level of audit fees;
- To review the adequacy of the internal audit function;
- To review and where appropriate, approve interested person transactions; and
- 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.

CORPORATE GOVERNANCE REPORT

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 2012 amounted to S\$138,000 and S\$24,000 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's system of internal controls provides reasonable and adequate assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regards, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

The AC will ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management, is conducted annually. In this respect, the AC will review the audit plans, and the findings of the external and internal auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process. The Company will continue to make efforts in improving its internal control system.

Based on the system of internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, the Audit Committee and the Board are of the opinion that the Group's system of internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2012.

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 Group Managing Director of Advance Synergy Berhad on administrative matters.

IAD provides independent appraisal and assurance for the review of the operations within the Group in order to support the management and the Board of Directors in fulfilling their oversight responsibility. The purpose is to evaluate and contribute to the improvement of risk management, control and governance systems in the Group.

The internal audit adopts a risk-based approach in developing its audit plan based on the Group's key risk profile. The internal audit plan and the scope of internal audit are presented and approved by the Audit Committee on a yearly basis. Audit findings, recommendations and management corrective actions are reported regularly to the AC. The AC also reviews IAD's 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 prioritised risk areas identified and appropriate steps have been taken to address the findings and recommendations.

CORPORATE GOVERNANCE REPORT

Based on the AC's review, the Board is satisfied that the system 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 Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management, and makes these minutes available to shareholders upon their request.

The Articles of Association of the Company allow a member of the Company to appoint not more than two (2) proxies to attend and vote on their behalf 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.

The Directors, including chairpersons of the Board Committees are present at the general meetings to

answer questions from the shareholders. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

- (c) Separate resolutions on each distinct issue are tabled at general meetings.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

ADDITIONAL INFORMATION

DEALING IN SECURITIES

(SGX-ST Listing Manual Rule 1207(19))

In compliance with Rule 1207 (19) of the Listing Manual issued by SGX-ST, the Company has adopted SGX-ST's Best Practices Guide and has in place a policy of prohibition 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. Directors, officers, and employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations.

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.

CORPORATE GOVERNANCE REPORT

The Group's financial risk management is discussed under Note 29 to the Financial Statements, on page 82 to 87 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 2012, 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.

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)	
	2012 S\$'000	2011 S\$'000	2012 S\$'000	2011 S\$'000
AESBI Power Systems Sdn Bhd*	277	278	-	-

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 Sdn Bhd (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 2012 and the statement of financial position of the Company as at 31 December 2012 and the statement of changes in equity of the Company for the financial year ended 31 December 2012.

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 Director or nominee		Shareholdings in which Director is deemed to have an interest	
	At 1.1.2012	At 31.12.2012	At 1.1.2012	At 31.12.2012
<u>The Company</u>				
Unified Communications Holdings Limited				
(Ordinary shares)				
Wong Tze Leng	19,034,329	19,034,329	-	-
Anton Syazi Ahmad Sebi ^(a)	4,100,000	4,100,000	-	-
Lee Su Nie ^(b)	200,000	200,000	-	-
Chuah Seong Phaik	-	-	1,000,000	1,000,000
<u>Ultimate holding corporation</u>				
Advance Synergy Berhad				
(Ordinary shares of RM0.30 each)				
Anton Syazi Ahmad Sebi	-	-	6,000,000	6,000,000
Lee Su Nie	-	-	365,000	365,000
(10-Year Irredeemable Convertible Unsecured Loan Stocks of RM0.15 each)				
Anton Syazi Ahmad Sebi	-	-	48,934,000	48,934,000
<u>Related corporation</u>				
Acrylic Synergy Sdn Bhd				
(Ordinary shares of RM1.00 each)				
Anton Syazi Ahmad Sebi	1	1	-	-

REPORT OF THE DIRECTORS

3. Directors' interests in shares or debentures (Continued)

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 2013.

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 32(b) 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 Singapore Companies Act, Cap. 50:

- (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 effectiveness of the Company's material internal controls, including financial operational and compliance controls and risk management via reviews carried out by the internal auditors;
- (d) reviewed the Group's financial and operating results and accounting policies;
- (e) 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 2012 before their submission to the Board of Directors, as well as the auditors' report;

REPORT OF THE DIRECTORS

6. Audit committee (Continued)

The Audit Committee carried out the following functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50: (Continued)

- (f) reviewed the quarterly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (g) reviewed the assistance given by the Company's management to the external auditors;
- (h) the re-appointment of the external auditors of the Group; and
- (i) reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's listing manual.

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.

On behalf of the Board of Directors

Wong Tze Leng
Director

Anton Syazi Ahmad Sebi
Director

18 March 2013

STATEMENT BY DIRECTORS

In the opinion of the Directors,

- (a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon 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 2012 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

18 March 2013

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") as set out on pages 32 to 96 which comprise the statements of financial position of the Group and the Company as at 31 December 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

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 balance sheets and to maintain accountability of assets.

Auditor's 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 auditor's 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 2012 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
18 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$'000	2011 \$'000
Revenue	4	16,611	13,947
Direct costs		(7,044)	(6,362)
Gross profit		9,567	7,585
Other operating income	5	7,021	1,502
Expenses:			
Technical support expenses		(3,384)	(3,235)
Distribution costs		(1,560)	(1,699)
Administrative expenses		(3,245)	(2,595)
Other operating expenses	6	(1,475)	(154)
Finance costs		(38)	–
Share of profit from an equity-accounted associate		48	1,031
Profit before income tax	7	6,934	2,435
Income tax expense	9	(722)	(260)
Profit for the year		6,212	2,175
Other comprehensive income:			
Exchange differences on translating foreign operations, net of tax amounting to \$Nil		(742)	(460)
Total comprehensive income for the year		5,470	1,715
Profit attributable to:			
Equity holders of the Company		5,954	1,918
Non-controlling interest		258	257
		6,212	2,175
Total comprehensive income attributable to:			
Equity holders of the Company		5,189	1,469
Non-controlling interest		281	246
		5,470	1,715
Earnings per share for profit attributable to the equity holders of the Company (in cents)			
Basic and Diluted	10	1.86	0.60

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
ASSETS					
Non-current assets					
Plant and equipment	11	2,888	3,846	-	-
Investment property	12	3,540	3,630	-	-
Intangible assets	13	16,357	3,765	-	-
Investments in subsidiaries	14	-	-	32,734	32,734
Investment in an associate	15	-	798	-	-
Deferred tax assets	17	13	42	-	-
Trade and other receivables	18	965	880	-	-
Other assets	19	-	173	-	-
Total non-current assets		<u>23,763</u>	<u>13,134</u>	<u>32,734</u>	<u>32,734</u>
Current assets					
Inventories	21	38	94	-	-
Trade and other receivables	18	7,867	6,351	5,114	6,451
Cash and cash equivalents	22	11,942	15,083	13	37
Total current assets		<u>19,847</u>	<u>21,528</u>	<u>5,127</u>	<u>6,488</u>
Total assets		<u><u>43,610</u></u>	<u><u>34,662</u></u>	<u><u>37,861</u></u>	<u><u>39,222</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital	23	31,948	31,948	31,948	31,948
Retained earnings/(Accumulated losses)		4,852	(623)	5,355	6,704
Foreign currency translation reserve	24	(2,595)	(1,830)	-	-
Equity attributable to equity holders of the Company		<u>34,205</u>	<u>29,495</u>	<u>37,303</u>	<u>38,652</u>
Non-controlling interest		<u>1,494</u>	<u>1,273</u>	<u>-</u>	<u>-</u>
Total equity		<u><u>35,699</u></u>	<u><u>30,768</u></u>	<u><u>37,303</u></u>	<u><u>38,652</u></u>
Non-current liabilities					
Other payables	25	2,293	-	-	-
Deferred tax liabilities	17	29	25	-	-
Total non-current liabilities		<u>2,322</u>	<u>25</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	25	5,309	3,862	558	570
Current income tax payable		280	7	-	-
Total current liabilities		<u>5,589</u>	<u>3,869</u>	<u>558</u>	<u>570</u>
Total liabilities		<u>7,911</u>	<u>3,894</u>	<u>558</u>	<u>570</u>
Total equity and liabilities		<u><u>43,610</u></u>	<u><u>34,662</u></u>	<u><u>37,861</u></u>	<u><u>39,222</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 2012

Group	Total equity	Equity attributable to equity holders of the Company	Share capital	(Accumulated losses)/ Retained earnings	Foreign currency translation reserve	Non-controlling interest
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2012	30,768	29,495	31,948	(623)	(1,830)	1,273
Total comprehensive income for the year						
Profit for the year	6,212	5,954	–	5,954	–	258
<i>Other comprehensive income:</i>						
Exchange differences on translating foreign operations	(742)	(765)	–	–	(765)	23
Total comprehensive income for the year	5,470	5,189	–	5,954	(765)	281
Total transactions with equity holders in their capacity as equity holders						
<i>Distribution to equity holders</i>						
Dividends paid (Note 26)	(539)	(479)	–	(479)	–	(60)
Balance at 31 December 2012	35,699	34,205	31,948	4,852	(2,595)	1,494
Balance at 1 January 2011	29,375	28,346	31,948	(2,221)	(1,381)	1,029
Total comprehensive income for the year						
Profit for the year	2,175	1,918	–	1,918	–	257
<i>Other comprehensive income:</i>						
Exchange differences on translating foreign operations	(460)	(449)	–	–	(449)	(11)
Total comprehensive income for the year	1,715	1,469	–	1,918	(449)	246
Total transactions with equity holders in their capacity as equity holders						
<i>Changes in ownership interest in subsidiaries</i>						
Disposal of a subsidiary	78	–	–	–	–	78
<i>Distribution to equity holders</i>						
Dividends paid (Note 26)	(400)	(320)	–	(320)	–	(80)
Balance at 31 December 2011	30,768	29,495	31,948	(623)	(1,830)	1,273

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Company	Share capital	Retained earnings	Total equity
	\$'000	\$'000	\$'000
Balance at 1 January 2012	31,948	6,704	38,652
Loss for the year, representing total comprehensive loss for the year	–	(870)	(870)
<i>Transactions with equity holders</i>			
Dividend paid (Note 26)	–	(479)	(479)
Balance at 31 December 2012	31,948	5,355	37,303
Balance at 1 January 2011	31,948	6,708	38,656
Profit for the year, representing total comprehensive income for the year	–	316	316
<i>Transactions with equity holders</i>			
Dividend paid (Note 26)	–	(320)	(320)
Balance at 31 December 2011	31,948	6,704	38,652

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$'000	2011 \$'000
Operating activities			
Profit before income tax		6,934	2,435
Adjustments for:			
Amortisation of development costs and intellectual property	7 & 13	983	702
Depreciation of plant and equipment, net of amount capitalised into intangible assets	7	971	493
Gain on disposal of a subsidiary	5	–	(83)
Impairment loss on development cost	6 & 13	141	–
Impairment loss on plant and equipment	6 & 11	472	–
Impairment loss on other assets	6 & 19	222	–
Plant and equipment written off	6 & 11	11	2
Impairment loss on receivables	6 & 18	72	21
Write-down of inventories	6	7	14
Gain on disposals of plant and equipment	5	(33)	(2)
Interest expense		38	–
Interest income	5	(327)	(491)
Share of profit from an equity-accounted associate		(48)	(1,031)
Fair value gain on investment property	5 & 12	–	(388)
Fair value gain on re-measurement of the Group's 40% equity interest in an associate	5 & 14.4	(5,176)	–
Fair value gain on contingent consideration of acquisition of a subsidiary	5 & 14.4	(977)	–
Write-back of inventory obsolescence	5	–	(8)
Reversal of payables	5	(67)	(213)
Write-back of impairment loss on plant and equipment	5 & 11	–	(68)
Write-back of impairment loss on receivables	5 & 18	(87)	(54)
Operating cash flow before movements in working capital		3,136	1,329
Changes in operating assets and liabilities			
Inventories		63	89
Trade and other receivables		518	2,519
Trade and other payables		(389)	(1,955)
Cash generated from operations		3,328	1,982
Income tax paid		(469)	(248)
Net cash generated from operating activities		2,859	1,734

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$'000	2011 \$'000
Investing activities			
Purchases of plant and equipment	11	(529)	(640)
Other assets	19	(49)	(173)
Purchase of investment property	12	–	(3,243)
Proceeds from disposal of plant and equipment		48	6
Acquisition of a subsidiary, net of cash acquired	14.4	(4,047)	–
Disposal of subsidiary, net of cash disposed	14.3	–	(4)
Development costs paid	13	(905)	(1,143)
Deposit placement with licensed banks		(3,406)	(754)
Interest received		327	491
Dividend received from an associate		–	1,640
Net cash used in investing activities		<u>(8,561)</u>	<u>(3,820)</u>
Financing activities			
Dividend paid by a subsidiary to non-controlling interest		(60)	(80)
Dividend paid to equity holders of the Company	26	(479)	(320)
Net cash used in financing activities		<u>(539)</u>	<u>(400)</u>
Net change in cash and cash equivalents		(6,241)	(2,486)
Cash and cash equivalents at beginning of year		14,303	17,194
Effect of exchange rate changes on cash and cash equivalents		(306)	(405)
Cash and cash equivalents at end of year	22	<u><u>7,756</u></u>	<u><u>14,303</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 2012

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

1. General information

Unified Communications Holdings Limited (the "Company") (Registration Number: 200211129W) is a public limited liability company 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 listed on the 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 joint venture are disclosed in Note 14 and 16 to the financial statements respectively.

The statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2012 were authorised for issue by the Board of Directors on 18 March 2013.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

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 dollar ("S\$"), 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these statements, the following are the amendments and interpretations to existing standards that have been issued, and are relevant to the Group's accounting periods beginning on or after 1 January 2012 or later periods and which the Group has not early adopted:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	Presentation of items of other comprehensive income	1 July 2012
FRS 27 (Revised)	Separate financial statements	1 January 2014
FRS 28 (Revised)	Investments in associates and joint ventures	1 January 2014
FRS 110	Consolidated financial statements	1 January 2014
FRS 111	Joint arrangements	1 January 2014
FRS 112	Disclosure of interests in other entities	1 January 2014
FRS 113	Fair value measurement	1 January 2013
Improvements to FRSs 2012		1 January 2013
- FRS 1 (Amendments)	Presentation of financial statements	
- FRS 16 (Amendments)	Property, plant and equipment	
- FRS 32 (Amendments)	Financial instruments: presentation	

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

Except as disclosed below, management anticipates that the adoption of the above amendments and interpretations to existing standards in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time will be presented separately from items which will never be reclassified. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, there will be no impact on the Group's financial position or performance on initial adoption of this standard in the financial year beginning on 1 January 2013.

FRS 111 Joint Arrangements and FRS 28 (Revised) Investment in Associates and Joint Ventures

FRS 111 classifies joint arrangement either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties have rights to the assets and obligations for the liabilities, whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 111 Joint Arrangements and FRS 28 (Revised) Investment in Associates and Joint Ventures (Continued)

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies proportionate consolidation for its joint venture. Upon adoption of FRS 111, the Group expects that the effect of the change to equity accounting for this joint venture is not material.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose the information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group upon adoption of the standard in the financial year beginning on 1 January 2014.

FRS 113 Fair Value Measurement

FRS 113 is a new standard that applies to both financial and non-financial items providing guidance on how to measure fair value in situations where fair value measurement is required by other FRSs. It provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, as well as disclosure requirements. FRS 113 will be effective prospectively from the financial year beginning on 1 January 2013. The Group does not expect that the adoption of FRS 113 will have any impact on its financial position or financial performance, however there may be changes to disclosures in the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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.

In the separate financial statements of the Company, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition

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

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 is recognised using the effective interest method.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.7 Income tax expense

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

Current income 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

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.

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.

Sales tax

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.8 Dividends

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 dollar 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 at the reporting date.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.10 Plant and equipment (Continued)

The carrying amounts 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.

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 recognised initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.12 Intangible assets (Continued)

Research and development costs (Continued)

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.

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

Subsequent to initial recognition, 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 2.15).

Goodwill

Goodwill arising on the acquisition of a subsidiary and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint venture and associate company represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associates is included in the carrying amount of the investment and is assessed for impairment as part of the investment.

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.

Gains and losses on the disposal of subsidiaries, joint venture and associate include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2010. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.13 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.

2.14 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 2.12).

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

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.15 Impairment of tangible and intangible assets excluding goodwill (Continued)

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.

2.16 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 of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees 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 when 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

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are presented as current assets, except for those expected to be realised later than 12 months after the year end which are presented as non-current assets. Loans and receivables are measured at amortised cost, using the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables are presented in the statement of financial position as "trade and other receivables" and "cash and cash equivalents".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.16 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 2012

2. Summary of significant accounting policies (Continued)

2.16 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. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.17 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet. Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount.

Intra-group transactions are eliminated on consolidation.

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 flows, cash and cash equivalents are presented net of bank overdrafts (if any).

2.19 Inventories

Inventories are carried 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 Solutions Contracts". 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 Solutions Contracts".

Progress billings not yet paid by customers and retentions are included within "Due from customers on Proprietary Solutions Contracts".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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
- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2. Summary of significant accounting policies (Continued)

2.23 Contingencies (Continued)

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 as a receivable 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 (Note 25) and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Malaysia

In 2009, a subsidiary in Malaysia was approved a grant of RM768,000 (equivalent to \$314,000) for the development of the GlobeOSS Roaming Assurance Project under MSC Malaysia Research & Development Grant Scheme (Note 25).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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 owing by a customer under the instalment scheme, amounted to \$860,000 (2011: \$1,760,000). 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 (excluding prepayment) as at 31 December 2012 was \$8,584,000 (2011: \$6,652,000) (Note 18).

Depreciation of plant and equipment

The Group depreciates 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 amount of the Group's plant and equipment at 31 December 2012 was \$2,888,000 (2011: \$3,846,000) (Note 11).

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. The impairment loss on plant and equipment charged to profit or loss for the financial year ended 31 December 2012 was \$472,000 (2011: \$Nil). The carrying amount of the Group's plant and equipment as at 31 December 2012 was \$2,888,000 (2011: \$3,846,000) (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

3.2 Key sources of estimation uncertainty (Continued)

Impairment of investment in subsidiaries and amounts due from subsidiaries

The Group follows the guidance of FRS 36: *Impairment of Assets* and FRS 39: *Financial Instruments: Recognition and Measurement* in determining the indications 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 2012 were \$32,734,000 (2011: \$32,734,000) (Note 14) and \$5,102,000 (2011: \$6,349,000) (Note 18) 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. Further details of the key assumptions applied in the impairment assessment of development cost and goodwill are given in Note 13. The impairment loss on development costs charged to profit or loss for the financial year ended 31 December 2012 was \$141,000 (2011: \$Nil). The carrying amount of the Group's intangible assets at 31 December 2012 was \$16,357,000 (2011: \$3,765,000) (Note 13).

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 2012 disclosed in Note 20 to the financial statements.

4. Revenue

	Group	
	2012	2011
	\$'000	\$'000
Rental income	254	251
System sales	3,866	5,048
Managed services	12,491	8,648
Total revenue	16,611	13,947

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

5. Other operating income

	Group	
	2012	2011
	\$'000	\$'000
Interest income		
- trade receivables	162	164
- banks	165	327
Write-back of inventory obsolescence	-	8
Write-back of impairment loss on plant and equipment (Note 11)	-	68
Reversal of payables	67	213
Write-back of impairment loss on trade and other receivables, third parties (Note 18)	87	54
Fair value gain on investment property (Note 12)	-	388
Fair value gain on re-measurement of the Group's 40% equity interest in an associate (Note 14.4)	5,176	-
Fair value gain on contingent consideration of acquisition of a subsidiary (Note 14.4)	977	-
Foreign exchange gain	339	153
Gain on disposal of plant and equipment	33	2
Gain on disposal of a subsidiary (Note 14.3)	-	83
Other income	15	42
	<u>7,021</u>	<u>1,502</u>

6. Other operating expenses

	Group	
	2012	2011
	\$'000	\$'000
Impairment loss on receivables, third parties		
- trade (Note 18)	-	21
- non-trade (Note 18)	72	-
Impairment loss on development costs (Note 13)	141	-
Impairment loss on plant and equipment (Note 11)	472	-
Impairment loss on other assets (Note 19)	222	-
Write-down of inventories	7	14
Foreign exchange losses	494	93
Plant and equipment written off	11	2
Others	56	24
	<u>1,475</u>	<u>154</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

7. Profit before income tax

Profit before income tax is arrived at after charging/(crediting) the following:

	Group	
	2012	2011
	\$'000	\$'000
Amortisation of development costs and intellectual property (included in "Direct costs") (Note 13)	983	702
Depreciation of plant and equipment (Note 11)	1,076	599
Amount of depreciation of plant and equipment capitalised into intangible assets (Note 13)	(105)	(106)
Cost of inventories and third party cost recognised as expenses (included in "Direct costs")	2,680	2,995
Rental expense - operating lease	374	291
Audit fees:		
Auditors of the Company	105	90
Other auditors	33	29
Non-audit fees:		
Auditors of the Company	11	9
Other auditors	13	13
	<u>6,213</u>	<u>5,319</u>

8. Staff costs

	Group	
	2012	2011
	\$'000	\$'000
Salaries and wages	5,240	4,437
Employer's contribution to defined contribution plans	704	587
Staff welfare benefits	269	295
	<u>6,213</u>	<u>5,319</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

9. Income tax expense

	Group	
	2012	2011
	\$'000	\$'000
Current year tax expense attributable to results is made up of:		
Current income tax		
- Group	313	274
- Associate	-	9
Withholding tax expenses	378	-
Deferred tax (Note 17)	33	-
	724	283
Over provision in preceding financial years:		
- Current income tax	(2)	(23)
	722	260

Domestic income tax is calculated at 17% (2011: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the tax rates prevailing in the relevant jurisdictions.

Reconciliation of effective tax rate

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2011: 17%) to profit before income tax as a result of the following differences:

	Group	
	2012	2011
	\$'000	\$'000
Profit before income tax	6,934	2,435
Tax calculated at a tax rate of 17% (2011: 17%)	1,179	414
Effect of different tax rates of overseas operations	414	256
Tax effect of:		
- expenses not deductible for tax purposes	796	156
- temporary differences at zero tax rate due to pioneer status	78	(10)
- exempt income	(2,383)	(588)
Deferred tax asset not recognised in profit or loss	269	132
Utilisation of deferred tax asset previously not recognised	(7)	(85)
Over provision of current income tax in prior financial years	(2)	(23)
Withholding tax expenses	378	-
Others	-	8
Total income tax expense	722	260

Two subsidiaries of the Group in Malaysia, Ahead Mobile 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 Ahead Mobile Sdn Bhd will expire on 31 August 2015. The MSC status of GlobeOSS Sdn Bhd will expire on 14 January 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

10. Earnings per share

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

	Group	
	2012	2011
Earnings attributable to equity holders of the Company (\$'000)	5,954	1,918
Number of ordinary shares in issue during the financial year ('000)	319,573	319,573
Basic and diluted earnings per share (in cents)	1.86	0.60

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

11. Plant and equipment

Group	Office equipment, furniture and renovation \$'000	Computers, tele- communications, research and development equipment \$'000	Motor vehicles \$'000	Total \$'000
2012				
Cost				
At 1 January 2012	1,466	11,672	179	13,317
Additions	31	498	–	529
Transferred to inventories	–	(22)	–	(22)
Disposals	(8)	(212)	(176)	(396)
Acquisition of a subsidiary	21	133	–	154
Write-off	(1)	(33)	–	(34)
Foreign currency translation differences	(27)	(171)	(3)	(201)
At 31 December 2012	1,482	11,865	–	13,347
Accumulated depreciation and impairment loss				
At 1 January 2012	1,142	8,150	179	9,471
Depreciation for the year	147	929	–	1,076
Impairment loss during the year	–	472	–	472
Transferred to inventories	–	(17)	–	(17)
Disposals	–	(193)	(176)	(369)
Write-off	(1)	(22)	–	(23)
Foreign currency translation differences	(30)	(118)	(3)	(151)
At 31 December 2012	1,258	9,201	–	10,459
Net carrying amount				
At 31 December 2012	224	2,664	–	2,888

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

11. Plant and equipment (Continued)

Group	Office equipment, furniture and renovation	Computers, tele- communications, research and development equipment	Motor vehicles	Total
2011	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 January 2011	1,422	11,732	184	13,338
Additions	79	561	–	640
Transferred 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 and impairment loss				
At 1 January 2011	1,025	8,330	184	9,539
Depreciation for the year	139	460	–	599
Write-back of impairment during the year	–	(68)	–	(68)
Transferred to inventories	–	(86)	–	(86)
Disposals	–	(7)	–	(7)
Disposal of a subsidiary	(1)	(221)	–	(222)
Write-off	(2)	(170)	–	(172)
Foreign currency translation differences	(19)	(88)	(5)	(112)
At 31 December 2011	1,142	8,150	179	9,471
Net carrying amount				
At 31 December 2011	324	3,522	–	3,846

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

11. Plant and equipment (Continued)

	Office equipment, furniture and renovation \$'000
Company	
Cost	
At 1 January 2011, 31 December 2011 and 31 December 2012	46
Accumulated depreciation	
At 1 January 2011, 31 December 2011 and 31 December 2012	46
Net carrying amount	
At 1 January 2011, 31 December 2011 and 31 December 2012	–

During the financial year, the Group carried out a review of the recoverable amount of its telecommunication equipment. Following the review, certain telecommunications equipment are not expected to generate sufficient cash flows in the next five years against their carrying value. An impairment loss of \$472,000 (2011: \$Nil), representing the write-down of the excess of the carrying value over its recoverable amounts on these telecommunications equipment was recognised in "Other operating expenses" in profit or loss. The recoverable amount has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections was 10.95%.

In prior year, a reversal of impairment loss of \$68,000 was recognised in "Other operating income" in profit or loss due to the subsequent recovery of a previously impaired item of plant and equipment determined after management's reassessment of its recoverable amount. The recoverable amount was based on its value-in-use and the pre-tax discount rate used was 10.35%.

12. Investment property

	Group	
	2012	2011
	\$'000	\$'000
At fair value		
At beginning of the financial year	3,630	–
Additions	–	3,243
Fair value gain recognised in profit or loss	–	388
Foreign currency translation differences	(90)	(1)
At end of the financial year	<u>3,540</u>	<u>3,630</u>

The fair value of the Group's investment property as at 31 December 2012 was determined by an independent professional valuer with a recognised and relevant qualification and with recent experience in the location and category of the investment property being valued. Valuations are made annually based on the properties highest-and-best-use using the Comparison method. The valuation was arrived at by reference to recent transactions and asking prices of similar property in the locality.

Strata title has not been issued as at 31 December 2012 and 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

12. Investment property (Continued)

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	Generates rental income

The investment property is leased to a non-related party under operating lease. The following amounts are recognised in the profit or loss:

	Group	
	2012 \$'000	2011 \$'000
Rental income (Note 4)	254	251
Direct operating expenses arising from investment property that generated rental income	(48)	(49)

13. Intangible assets

Group	Development cost	Intellectual property	Goodwill arising on consolidation	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 January 2012	6,767	2,148	–	8,915
Additions during the year	905	–	–	905
Capitalisation of development equipment (Note 7)	105	–	–	105
Acquisition of a subsidiary (Note 14.4)	–	–	13,089	13,089
Foreign currency translation differences	38	(53)	(292)	(307)
At 31 December 2012	7,815	2,095	12,797	22,707
Accumulated amortisation and impairment loss				
At 1 January 2012	3,002	2,148	–	5,150
Amortisation for the year	983	–	–	983
Impairment loss for the year (Note 6)	141	–	–	141
Foreign currency translation differences	129	(53)	–	76
At 31 December 2012	4,255	2,095	–	6,350
Net carrying amount				
At 31 December 2012	3,560	–	12,797	16,357

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

13. Intangible assets (Continued)

Group	Development cost \$'000	Intellectual property \$'000	Total \$'000
Cost			
At 1 January 2011	5,674	2,192	7,866
Additions 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 and impairment loss			
At 1 January 2011	2,388	2,192	4,580
Amortisation for the year	702	–	702
Foreign currency translation differences	(88)	(44)	(132)
At 31 December 2011	3,002	2,148	5,150
Net carrying amount			
At 31 December 2011	3,765	–	3,765

Development cost

Development cost mainly comprises staff costs and depreciation expenses for the development of proprietary software, the amortisation of which is included in "Direct costs" in profit or loss.

The average remaining useful life of development cost is 3 years (2011: 3 years).

As at 31 December 2012, development cost includes the GlobeOSS Roaming Assurance development project, amounting to \$35,000 (2011: \$72,000). The project is funded under an MSC Malaysia Research and Development Grant Scheme as disclosed in Note 25.

During the financial year, the Group carried out a review of the recoverable amount of its development cost. Following the review, certain development cost items are not expected to generate sufficient cash flows in the next five years. An impairment loss of \$141,000 (2011: \$Nil), representing the write-down of the excess of the carrying value over its recoverable amount on these development cost items was recognised in "Other operating expenses" in profit or loss. The recoverable amount was determined based on the value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections was 10.95%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

13. Intangible assets (Continued)

Development cost (Continued)

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

	Group	
	2012	2011
	\$'000	\$'000
Completed	3,178	1,974
Under development	382	1,791
	3,560	3,765

Intellectual property

Intellectual property comprises rights and titles relating to mobile software, the amortisation of which is included in "Direct costs" in profit or loss.

Goodwill

Goodwill acquired through business combination is allocated for impairment testing purpose to the individual entity which is also the cash generating unit ("CGU") and also a reportable operating segment.

A segment-level summary of the carrying amount of goodwill allocation is as follows:

	VAS segment		Total	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Goodwill	12,797	–	12,797	–
	12,797	–	12,797	–

The recoverable amount of the CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 10.95%. Other major assumptions made were estimates of future net cash flows based on projected growth rates averaging 8% on revenue and 6% on direct costs respectively. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2%.

The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment. Management determined the forecasted growth rate and budgeted gross margin based on past performance and its expectations of market developments.

14. Investments in subsidiaries

14.1 Investments in subsidiaries comprise:

	Company	
	2012	2011
	\$'000	\$'000
Unquoted shares, at cost	32,734	32,734
	32,734	32,734

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

14. Investments in subsidiaries (Continued)

14.2 Particulars of subsidiaries

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2012 %	2011 %
<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 2012

14. Investments in subsidiaries (Continued)

14.2 Particulars of subsidiaries (Continued)

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2012 %	2011 %
<u>Subsidiaries held by the Group</u>				
Unified Communications (VAS) Sdn Bhd ^(b)	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises	Malaysia	100	100
Ahead Mobile Sdn Bhd ("AMSB") ^{(b)(f)}	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry	Malaysia	100	–
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 ^(a)	Distribution of information technology and telecommunications products	Singapore	100	100
Adzentrum Sdn Bhd ^{(b)(h)} (formerly known as AttrixTech Sdn Bhd)	Digital creative agency	Malaysia	100	100
Unified Communications (Private) Limited ^(e)	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises	Pakistan	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

14. Investments in subsidiaries (Continued)

14.2 Particulars of subsidiaries (Continued)

Name of companies	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group	
			2012 %	2011 %
<u>Subsidiaries held by the Group (Continued)</u>				
Unified Communications (Shenzhen) Pte Ltd ("UCSZ") ^(g)	Distribution of telecommunications products, development of localised telecommunications solutions and maintenance and support services for the telecommunications industry	People's Republic of China	–	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
Unified Communications Limited ("UCHK") ^(c)	Provision of global roaming quality of service management solutions	Hong Kong	–	–

(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.

(d) Audited by ThaiCon Auditing Limited, Thailand and has a total share capital of Thai Baht ("THB") 2,000,000 comprising THB1,100,000 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. The Group is currently liaising with a professional consultant on options of voluntarily winding up Unified (Thailand) Limited.

(e) Audited by BDO Ebrahim & Co., Pakistan, a member firm of BDO International Limited.

(f) On 16 January 2012, the Group acquired the remaining 60% of the entire issued share capital of AMSB. Details are provided in Note 14.4.

(g) On 22 March 2012, the Company announced that 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.

(h) The subsidiary changed its name from AttrixTech Sdn Bhd to Adzentrum Sdn Bhd, effective 18 January 2013.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

14. Investments in subsidiaries (Continued)

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)

14.4 Acquisition of a subsidiary

On 16 January 2012, the Group's subsidiary company, UCSB, completed the acquisition of 228,000 ordinary shares, representing the remaining 60% of the entire issued share capital in its 40% owned associate, AMSB, from a shareholder for a total consideration of up to approximately RM22.5 million (equivalent to \$9.3 million) (the "Acquisition"). Following the completion of the Acquisition, AMSB became a wholly owned subsidiary of the Group.

The Acquisition will enable the Group to have full ownership and absolute control over AMSB's operations and cash flows. In addition, it would provide the Group with flexibility in implementing its business strategies and plans for AMSB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

14. Investments in subsidiaries (Continued)

14.4 Acquisition of a subsidiary (Continued)

Details of the Acquisition are as follows:

Purchase Consideration

	2012
	\$'000
Purchase Consideration paid to date	5,126
Fair value of purchase consideration to be settled by tranches in accordance with the terms and conditions of the Acquisition ("Contingent Consideration") comprising the following:	
- (i) RM9.0 million recognised as at acquisition date deposited with an escrow agent which shall be released to the vendor in accordance with the terms and conditions of the Acquisition; and	3,691
- (ii) Deferred cash settlement of RM1.0 million to be paid upon AMSB having procured the launch of a new service under a revenue sharing contract with a mobile network operator in South East Asia on or before 31 December 2013.	340
Total Purchase Consideration pursuant to the Acquisition	9,157
Fair value of 40% equity interest in AMSB held by the Group immediately before the Acquisition (Note a)	6,024
	15,181
Less: Fair value of net assets acquired (Note b)	(2,092)
Goodwill arising from Acquisition (Note 13)	13,089

Note a: Gain on re-measuring previously held 40% equity interest in AMSB to fair value as at acquisition date:

	\$'000
Carrying amount of 40% equity interest in AMSB at acquisition date	848
Fair value gain on re-measurement (Note 5)	5,176
	6,024

The gain is included in the "Other operating income" (Note 5) in the Group's profit or loss for the financial year ended 31 December 2012.

Note b: The fair value of the identifiable assets and liabilities of AMSB as at acquisition date:

	Fair value recognised on acquisition	Acquiree's carrying amount
	\$'000	\$'000
Plant and equipment	154	184
Trade and other receivables	1,105	1,105
Cash and cash equivalents	1,079	1,079
Trade and other payables	(246)	(246)
Total identifiable net assets at fair value	2,092	2,122

At the acquisition date, the fair value of the acquired trade and other receivables approximates the gross contractual amount of the receivables. It is expected that the full contractual amount of the trade and other receivables can be collected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

14. Investments in subsidiaries (Continued)

14.4 Acquisition of a subsidiary (Continued)

Contingent consideration arrangement

As part of the sale and purchase agreement with the previous shareholder of AMSB, a portion of the purchase consideration for the AMSB acquisition is subject to the following arrangement and considered to be contingent consideration:

- (i) Up to \$3,691,000 is payable over two tranches based on AMSB's net profit after tax as reflected in the audited financial statements of AMSB for the financial year ended 31 December 2012 and the financial year ending 31 December 2013. The actual amount payable will be computed based on 60% of AMSB's audited net profit after tax as achieved in the aforementioned financial years; and
- (ii) \$340,000 is payable upon AMSB having procured the launch of a new service under a revenue sharing contract with a mobile network operator in South East Asia on or before 31 December 2013.

As at the Acquisition date, the fair value of contingent consideration was estimated as approximately \$4,031,000. The fair value of the contingent consideration was calculated using a two-year cash flow projection with pre-tax discount rate of 10.95%.

As at 31 December 2012, the fair value of contingent consideration decreased by \$977,000 as the estimated contingent consideration as set out in (i) above of RM9 million (equivalent to approximately \$3.7 million) has been revised to approximately RM6.6 million (equivalent to approximately \$2.7 million). Accordingly, fair value of the contingent consideration has been adjusted to reflect this development and such change has been recognised in "Other operating income" (Note 5) in the Group's profit or loss for the financial year ended 31 December 2012.

Effect of the Acquisition of AMSB on cash flows

The net cash outflow on the acquisition of AMSB is as follows:

	2012
	\$'000
Purchase consideration paid to date in cash	5,126
Cash and cash equivalents of subsidiary acquired	(1,079)
Net cash outflow on acquisition	<u>4,047</u>

Goodwill arising from acquisition

Goodwill comprises the value of the Acquisition synergies to the Group's business. The Acquisition is expected to reduce the volatility of the Group's revenue through the contribution of AMSB's recurring income stream. This is also in line with the Group's long held strategy to grow managed service-contract based recurring revenues to secure steady, sustained revenue and profit growth. It also includes the value of a customer list, which has not been recognised separately. Goodwill is allocated entirely to AMSB and the Group's VAS business segment. Due to the contractual terms imposed on the acquisition, the customer list is not separable and therefore does not meet the criteria for recognition as an intangible asset under FRS 38. The goodwill recognised is not expected to be deductible for income tax purpose.

Impact of acquisition on profit or loss

From the acquisition date, AMSB has contributed approximately \$3,300,000 of revenue and \$2,073,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the revenue and the Group's profit, net of tax, would approximate the amounts as at acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

15. Investment in an associate

	Group	
	2012 \$'000	2011 \$'000
Unquoted shares	–	69
At beginning of the financial year	798	1,449
Exchange differences	2	(33)
Share of results	48	1,022
Dividend received (one-tier-tax-exempt)	–	(1,640)
Being reclassified to investment in a subsidiary (Note 14.4)	(848)	–
At end of the financial year	–	798

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	
			2012 %	2011 %
<u>Held by UCSB</u>				
AMSB ⁽¹⁾	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry	Malaysia	–	40

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

During the financial year, the Company acquired the remaining 60% of the associate. Details are provided in Note 14.4.

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

	Group 2011 \$'000
Assets and liabilities:	
Total assets	2,215
Total liabilities	219
Net assets	1,996
Group's share of associate's net assets	798

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

15. Investment in an associate (Continued)

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

	Group 2011 \$'000
Results:	
Revenue	3,915
Profit before tax for the year	2,578
Income tax for the year	(23)
Profit after tax for the year	2,555
Group's share of associate's profit after tax for the year	<u>1,022</u>

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	
			2012 %	2011 %
<u>Held by UCPL</u>				
Unified Telecom Private Limited ⁽¹⁾	Provision of telecommunications products, services and customised solutions	India	50	50

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

The joint venture's financial year-end is 31 March. 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 statement of financial position of the Group on a line-by-line basis of proportionate consolidation based on the results as at 31 December 2012 and 31 December 2011.

	Group	
	2012 \$'000	2011 \$'000
Assets		
- Current assets	24	41
- Non-current assets	9	18
	<u>33</u>	<u>59</u>
Liabilities		
- Current liabilities	20	44
Net assets	<u>13</u>	<u>15</u>
Revenue	-	-
Expenses	(44)	(139)
Loss before tax	(44)	(139)
Income tax	-	-
Loss for the year	<u>(44)</u>	<u>(139)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

16. Investment in joint venture (Continued)

	Group	
	2012	2011
	\$'000	\$'000
Operating cash outflows, net	(51)	(179)
Investing cash outflows, net	–	–
Financing cash inflows, net	31	148
Net change in cash and cash equivalents	(20)	(31)
Cash and cash equivalents at beginning of year	20	34
Effect of exchange rate changes in cash and cash equivalents	5	17
Cash and cash equivalents at end of year	5	20

17. Deferred taxes

Deferred 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 taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2012	2011
	\$'000	\$'000
Deferred tax assets		
- to be recovered after more than 12 months	(13)	(42)
Deferred tax liabilities		
- to be settled after more than 12 months	29	25
	<u>16</u>	<u>(17)</u>

The movements in deferred tax account are as follows:-

	Group	
	2012	2011
	\$'000	\$'000
At beginning of the financial year	(17)	(18)
Tax charge to profit or loss (Note 9)	33	–
Exchange differences	–	1
At end of the financial year	<u>16</u>	<u>(17)</u>

As at 31 December 2012, the Group has unabsorbed tax losses of approximately \$14,720,000 (2011: \$12,564,000) and unutilised capital allowances of approximately \$265,000 (2011: \$250,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

17. Deferred taxes (Continued)

The deferred tax benefits on the carried forward unabsorbed tax losses and unutilised capital allowances amounting to \$14,985,000 (2011: \$12,814,000) have not been recognised in the financial statements mainly because it is not probable that future taxable profit will be available against which certain subsidiaries can utilise the benefits and due to the pioneer status of subsidiaries of the Group and Company as disclosed in Note 9 to the financial statements.

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

Group	Tax losses and capital allowances \$'000	Others \$'000	Total \$'000
Deferred tax assets			
2012			
At 1 January 2012	(28)	(14)	(42)
Charged to profit or loss	29	-	29
Foreign currency translation differences	(2)	2	-
At 31 December 2012	<u>(1)</u>	<u>(12)</u>	<u>(13)</u>
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>
Deferred tax liabilities			
2012			
At 1 January 2012			25
Charged to profit or loss			4
At 31 December 2012			<u>29</u>
2011			
At 1 January 2011 and 31 December 2011			<u>25</u>

No deferred tax liabilities have been recognised by the Company on the undistributed earnings of the subsidiaries since the subsidiaries have sufficient tax exempt accounts available for distribution of tax exempt dividends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

18. Trade and other receivables

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Trade receivables:				
- related corporations	5	5	-	-
- associate	-	3	-	-
- third parties	6,593	5,048	-	-
	6,598	5,056	-	-
Less: Impairment loss - third parties	(66)	(171)	-	-
Trade receivables - net	6,532	4,885	-	-
Due from customers on Proprietary Solutions Contracts (Note 20)	577	437	-	-
Deposits	219	195	-	-
Less: Impairment loss on deposits	(24)	(24)	-	-
Prepayment	248	579	10	26
Other receivables:				
- amounts due from subsidiaries	-	-	6,140	6,349
- staff advances	2	-	-	-
- amount due from ultimate holding corporation	120	123	-	-
- income tax recoverable	145	-	-	-
- sundry	167	232	74	76
Less: Impairment loss:				
- Sundry receivables	(119)	(76)	(72)	-
- Subsidiaries	-	-	(1,038)	-
	<u>7,867</u>	<u>6,351</u>	<u>5,114</u>	<u>6,451</u>
Non-current				
Trade receivables	-	880	-	-
Other receivables	965	-	-	-
	<u>965</u>	<u>880</u>	<u>-</u>	<u>-</u>

The average credit period on sale of goods and services is 30 - 90 days (2011: 30 - 90 days). No interest is charged on trade receivables except for a customer under an instalment scheme as discussed below.

Non-trade amounts due from ultimate holding corporation and subsidiaries are unsecured, interest-free and are repayable on demand in cash. Related corporations are the fellow subsidiaries of the ultimate holding corporation.

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

The non-current other receivables represent the gain from fair value adjustment of contingent consideration arising from the Group's acquisition of the interest in Ahead Mobile Sdn Bhd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

18. Trade and other receivables (Continued)

Trade and other receivables (excluding prepayments) are denominated in the following currencies:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Singapore Dollar	1,008	391	5,104	6,425
Ringgit Malaysia	5,352	3,596	-	-
United States Dollar	1,204	1,836	-	-
Euro	42	41	-	-
Pakistan Rupee	534	515	-	-
Brunei Dollar	344	180	-	-
Others	100	93	-	-
	<u>8,584</u>	<u>6,652</u>	<u>5,104</u>	<u>6,425</u>

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

	Group	
	2012 \$'000	2011 \$'000
Past due less than 3 months	1,897	1,758
Past due 3 to 9 months	1,485	721
Past due over 9 months	374	360
	<u>3,756</u>	<u>2,839</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 \$860,000 (2011: \$1,760,000), under a 3-year instalment scheme with an effective interest rate of 9% (2011: 9%) per annum. 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 2012

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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Gross amount	241	296	143	100
Less: Allowance for impairment	(66)	(171)	(143)	(100)
	<u>175</u>	<u>125</u>	<u>-</u>	<u>-</u>

Movements in allowances for impairment are as follows:

Beginning of the financial year	171	2,403	100	131
Impairment loss charged to profit or loss	-	21	72	-
Disposal of a subsidiary	-	(26)	-	(31)
Written-off against allowance	(47)	(2,173)	-	-
Write-back of allowance	(58)	(54)	(29)	-
End of the financial year	<u>66</u>	<u>171</u>	<u>143</u>	<u>100</u>

19. Other assets

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

Details of other assets are as follows:

	Group	
	2012 \$'000	2011 \$'000
Beginning of the financial year	173	-
Additions during the year	49	173
Impairment loss charged to profit or loss	(222)	-
End of financial year	<u>-</u>	<u>173</u>

During the financial year, the Group carried out a review of the recoverable amount of Compulsory Convertible Preference Shares in the joint venture. As a result, an impairment loss of \$222,000 was recognised in "Other operating expenses" in profit or loss to write-down other assets to its recoverable amount. Management is of the opinion that the joint venture is not expected to generate sufficient cash flows in the next five years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

20. Contract work-in-progress

	Group	
	2012 \$'000	2011 \$'000
Aggregate contract costs recognised, and recognised profit to date	2,964	11,837
Less: Progress billings	(2,599)	(11,528)
	365	309
Due from customers on Proprietary Solutions Contracts (Note 18)	577	437
Due to customers on Proprietary Solutions Contracts (Note 25)	(212)	(128)

21. Inventories

	Group	
	2012 \$'000	2011 \$'000
Inventories, at net realisable value	38	94

During the year, the Group write-down inventories to its net realisable value amounting to \$7,000 (2011: write-down of \$14,000 and reversal of write-down of \$8,000). Prior year's reversal relates to a write-down made in 2010, as the inventories were sold above the carrying amounts in 2011.

22. Cash and cash equivalents

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash and bank balances	3,508	2,734	13	37
Short-term bank deposits	8,434	12,349	-	-
	11,942	15,083	13	37

Short-term bank deposits include approximately \$594,000 (2011: \$780,000) in restricted deposits placed with the banks to secure banking facilities for the Group and an amount of RM9,000,000 (equivalent to approximately \$3,592,000) (2011: \$Nil) deposited into an Escrow account that serves as contingent consideration payable for the acquisition of AMSB (Note 14.4).

Short-term bank deposits have a weighted average maturity of 1 month (2011: 1 month) from the end of the financial year with the following weighted average effective interest rates (per annum):

	Group	
	2012	2011
Ringgit Malaysia	3.0%	2.7%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

22. Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Singapore Dollar	302	906	12	35
Ringgit Malaysia	10,272	12,829	–	–
United States Dollar	433	628	1	2
Pakistan Rupee	927	695	–	–
Euro	–	1	–	–
Others	8	24	–	–
	<u>11,942</u>	<u>15,083</u>	<u>13</u>	<u>37</u>

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

	Group	
	2012 \$'000	2011 \$'000
Cash and bank balances per statement of financial position	11,942	15,083
Less: Restricted deposits	(4,186)	(780)
Cash and cash equivalents per consolidated statement of cash flows	<u>7,756</u>	<u>14,303</u>

As at 31 December 2012, the Group has cash and bank balances deposited with banks in Pakistan, denominated in Pakistan Rupee amounting to \$927,000 (2011: \$695,000). The Pakistan Rupees is not freely convertible into foreign currencies. In accordance with the requirement of Pakistan Foreign Exchange Regulations, the Group requires the approval from the State Bank of Pakistan on any foreign remittance.

23. Share capital

	Group and Company			
	2012	2011	2012	2011
	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. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 which is Singapore Dollar. 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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Trade payables	1,577	2,147	-	-
Due to customers on Proprietary Solutions Contracts (Note 20)	212	128	-	-
Accrued operating expenses	1,357	977	168	135
Deposits received	99	23	-	-
Other payables:				
- amount due to ultimate holding corporation	6	3	-	-
- amount due to subsidiaries	-	-	350	388
- amount due to related corporations	20	20	-	-
- amount due to an associate	-	18	-	-
- deferred government grant	61	126	-	-
- sundry	1,977	420	40	47
	<u>5,309</u>	<u>3,862</u>	<u>558</u>	<u>570</u>
Non-current				
Other payables	<u>2,293</u>	<u>-</u>	<u>-</u>	<u>-</u>

The average credit period on purchases is 30 - 90 days (2011: 30 - 90 days). No interest is charged on trade payables.

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

On 22 February 2009, a subsidiary in Malaysia entered into an agreement with Multimedia Development Corporations Sdn Bhd for an approved grant of RM768,000 (equivalent to \$314,000) for the development of the GlobeOSS Roaming Assurance Project under MSC Malaysia Research & Development Grant Scheme which is amortised over five years as disclosed in Note 13. The total grant amount was fully received as at 31 December 2009.

Other payables include contingent consideration for the acquisition of AMSB detailed as follows:

	Group 2012 \$'000
Current	
Other payables	1,624
Non-current	
Other payables	<u>2,293</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

25. Trade and other payables (Continued)

Trade and other payables (excluding deferred government grant) are denominated in the following currencies:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Singapore Dollar	543	480	558	570
Ringgit Malaysia	5,334	1,018	-	-
United States Dollar	1,077	888	-	-
Euro	498	1,171	-	-
Pakistan Rupee	43	29	-	-
Others	46	150	-	-
	<u>7,541</u>	<u>3,736</u>	<u>558</u>	<u>570</u>

26. Dividends

Dividends paid during the financial year:

	Group and Company	
	2012 \$'000	2011 \$'000
Interim, exempt (one-tier) dividend of \$0.0015 per share (2011: \$0.001 per share)	<u>479</u>	<u>320</u>

27. Contingent liabilities

The Company has undertaken to provide continued financial support to certain of its subsidiaries which has total accumulated losses of \$3,327,000 (2011: \$863,000) in excess of the issued and paid-up capital as at 31 December 2012 to enable them to continue to operate as a going concern and to meet their obligations when they fall due for at least twelve months from the end of the reporting period.

The Company has also issued a financial guarantee to a bank for banking facilities granted to its subsidiary. The banking facilities are secured by fixed deposits of the subsidiary amounting to approximately \$314,000 (Note 22), a personal guarantee of a director of the subsidiary and corporate guarantee of the Company of RM1,530,000 (equivalent to \$611,000 (2011: \$628,000)). The Company has not recognised any liability in respect of the guarantee given to the bank for banking facilities granted to its subsidiary as the management has assessed that the likelihood of the subsidiary defaulting on repayment of its facility is remote.

As at the end of the financial year, the outstanding facilities covered by the guarantee are \$Nil (2011: \$Nil). The financial guarantee requires the guarantor to reimburse the bank if the subsidiary fails to make principal or interest repayments when due in accordance with the terms of the facility. There has been no default or non-repayment since the utilisation of the banking facilities.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 1 year (2011: 2 years). There is no contingent rental receivable.

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	
	2012	2011
	\$'000	\$'000
Future minimum lease payments receivable:		
Not later than one year	233	258
Later than one year but not later than five years	–	236
	<u>233</u>	<u>494</u>

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. There are no contingent rentals payable.

The future aggregate minimum lease payments under the non-cancellable operating leases contracted for at the end of the financial year but not recognised as liabilities are as follows:

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Not later than one year	164	210	–	–
Later than one year but not later than five years	113	220	–	–
	<u>277</u>	<u>430</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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	<u>20,381</u>	<u>21,735</u>	<u>5,117</u>	<u>6,462</u>
Financial liabilities				
Payables	<u>7,329</u>	<u>3,608</u>	<u>558</u>	<u>570</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

29.2 Financial risk management

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.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The major classes of financial assets of the Group are trade receivables and cash and cash equivalents. For trade receivables, 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 83% (2011: 89%) of total trade receivables balance (net of impairment allowances), which include a single major customer located in Malaysia making up 61% (2011: 68%) 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 impaired

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

Financial assets that are past due but not impaired

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

29.2 Financial risk management (Continued)

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Ringgit Malaysia, Euro, Pakistan Rupee 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.

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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
United States Dollar	1,077	888	1,637	2,464	-	-	1	2
Singapore Dollar	543	480	1,310	1,297	558	570	5,116	6,460
Ringgit Malaysia	5,334	1,018	15,624	16,425	-	-	-	-
Euro	498	1,171	42	42	-	-	-	-
Pakistan Rupee	43	29	1,461	1,210	-	-	-	-
Brunei Dollar	-	-	344	180	-	-	-	-
Others	46	150	108	117	-	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

29.2 Financial risk management (Continued)

Market risk (Continued)

Foreign exchange risk (Continued)

Foreign currency sensitivity (Continued)

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

	Singapore Dollar Strengthens by 10%		Singapore Dollar Weakens by 10%	
	Impact on Profit or Loss		Impact on Profit or Loss	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Impact of foreign currency				
United States Dollar	(56)	(157)	56	157
Ringgit Malaysia	(1,029)	(1,541)	1,029	1,541
Euro	46	113	(46)	(113)
Pakistan Rupee	(142)	(118)	142	118
Brunei Dollar	(34)	(18)	34	18
	Singapore Dollar Strengthens by 10%		Singapore Dollar Weakens by 10%	
	Other comprehensive income		Other comprehensive income	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Impact of foreign currency				
Ringgit Malaysia	(2,891)	(2,547)	2,891	2,547
Pakistan Rupee	(11)	(33)	11	33

Interest rate risk

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

29.2 Financial risk management (Continued)

Liquidity risk (Continued)

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.

	Effective interest rate	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	Total \$'000
Financial liabilities				
Group				
2012				
Non-interest bearing	–	5,036	2,293	7,329
2011				
Non-interest bearing	–	3,608	–	3,608
Company				
2012				
Non-interest bearing	–	558	–	558
2011				
Non-interest bearing	–	570	–	570
Financial assets				
Group				
2012				
Interest-bearing:				
Trade receivables	9%	860	–	860
Fixed deposits	3%	8,410	–	8,410
Non-interest bearing	–	10,391	965	11,356
		19,661	965	20,626
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
Company				
2012				
Non-interest bearing	–	5,117	–	5,117
2011				
Non-interest bearing	–	6,462	–	6,462

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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 existing and 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 (Note 23), reserves and retained earnings as presented in the statement of changes in equity.

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 years ended 31 December 2012 and 2011.

The Group and the Company have complied with all externally imposed capital requirements for the financial years ended 31 December 2012 and 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); and
- (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).

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 2012

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 venture 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 in cash 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 on terms agreed by and between the related parties:

a) Sales and purchases of goods and services

	Group	
	2012	2011
	\$'000	\$'000
Sales of goods/services to:		
- ultimate holding corporation	-	1
- other related corporations	-	8
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

32. Significant related party transactions (Continued)

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

	Group	
	2012	2011
	\$'000	\$'000
Purchase of goods/services from:		
- other related corporations	9	50
Rental and maintenance fees charged by related corporation	278	278
Reallocation of expenses among subsidiaries	893	866
Service fee charged to subsidiaries	45	43
Payments made on behalf of the subsidiaries, net	109	543
Dividend income received from a subsidiary	738	1,115
Waiver of debts due from a subsidiary	-	290
	-	290

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	
	2012	2011
	\$'000	\$'000
Key management personnel of the Group:		
Directors		
Salaries and other short-term employee benefits	486	431
Post-employment benefits	39	30
Others		
Salaries and other short-term employee benefits	1,234	974
Post-employment benefits	127	108
Fee paid to a non-controlling interest shareholder	139	141
	2,025	1,684

	Company	
	2012	2011
	\$'000	\$'000
Key management personnel of the Company:		
Directors		
Short-term employee benefits	58	58
Fee payable to ultimate holding corporation	22	22
	80	80

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

33. Segment information

Business segments

The Group's business segments comprise a Mobile Value-Added-Services Business Unit (VAS BU), a Mobile Technology Business Unit (TECH BU) and an 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

33. Segment information (Continued)

Business segments (Continued)

Inter-segment transfer (Continued)

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2012						
Revenue:						
- external	6,460	5,870	4,027	254	-	16,611
- inter-segment	61	215	727	3,135	(4,138)	-
	6,521	6,085	4,754	3,389	(4,138)	16,611
Direct costs	(4,620)	(2,825)	(2,684)	(258)	3,343	(7,044)
Gross profit	1,901	3,260	2,070	3,131	(795)	9,567
Other operating income	380	6,523	189	823	(894)	7,021
Expenses:						
Technical support expenses	(656)	(697)	(713)	(1,470)	152	(3,384)
Distribution costs	(159)	(1,020)	(283)	(241)	143	(1,560)
Administrative expenses	(1,174)	(1,011)	(533)	(1,192)	665	(3,245)
Other operating expenses	(66)	(1,162)	(173)	(1,111)	1,037	(1,475)
Finance costs	-	(38)	-	-	-	(38)
Share of profit from an equity-accounted associate	-	48	-	-	-	48
Profit/(Loss) before income tax	226	5,903	557	(60)	308	6,934
Income tax expenses	(176)	(186)	(31)	(329)	-	(722)
Profit/(Loss) for the year	50	5,717	526	(389)	308	6,212
Profit/(Loss) attributable to:						
Owners of the Company	50	5,717	268	(389)	308	5,954
Non-controlling interest	-	-	258	-	-	258
Profit/(Loss) for the year	50	5,717	526	(389)	308	6,212
Other information:						
Impairment loss on:						
- development costs	-	(141)	-	-	-	(141)
- plant and equipment	-	(472)	-	-	-	(472)
Depreciation, net of amount capitalised into intangible assets	(91)	(774)	(63)	(47)	4	(971)
Amortisation	(624)	(346)	(93)	-	80	(983)
Interest income	212	74	41	-	-	327
Fair value gain on re-measurement of the Group's 40% equity interest in an associate	-	5,176	-	-	-	5,176
Fair value gain on contingent consideration of acquisition of a subsidiary	-	977	-	-	-	977

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

33. Segment information (Continued)

Business segments (Continued)

Inter-segment transfer (Continued)

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2012 (Continued)						
Segment assets	12,695	36,695	4,430	49,614	(59,837)	43,597
Unallocated assets	(1)	–	–	–	14	13
Consolidated total assets						43,610
Segment liabilities	7,065	14,752	1,485	11,405	(26,825)	7,882
Unallocated liabilities	–	–	–	29	–	29
Consolidated total liabilities						7,911
<u>Other segment items</u>						
Capital expenditure						
- Plant and equipment	106	400	52	20	(49)	529
- Development costs of intellectual property	683	231	1	–	(10)	905

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

33. Segment information (Continued)

Business segments (Continued)

Inter-segment transfer (Continued)

	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
Direct costs	(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
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

33. Segment information (Continued)

Business segments (Continued)

Inter-segment transfer (Continued)

	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Elimination \$'000	Group \$'000
Financial year ended 31 December 2011 (Continued)						
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

Geographical segments

The Group's geographical segments comprise 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 Asian 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 represents 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 2012

33. Segment information (Continued)

Geographical segments (Continued)

	Revenue \$'000	Total assets \$'000	Non-current assets \$'000	Capital expenditure \$'000	
2012					
South East Asia	14,167	39,669	21,989	1,273	
South Asia	1,414	3,461	1,761	161	
Middle East and Africa	1,001	450	–	–	
Others	29	17	–	–	
	<u>16,611</u>	<u>43,597</u>	<u>23,750</u>	<u>1,434</u>	
Unallocated assets		13	13		
		<u>43,610</u>	<u>23,763</u>		
	TECH \$'000	VAS \$'000	OSS \$'000	OHQ \$'000	Group \$'000
External sales					
South East Asia	6,351	3,590	3,972	254	14,167
South Asia	–	1,377	37	–	1,414
Middle East and Africa	100	901	–	–	1,001
Others	9	2	18	–	29
Total	<u>6,460</u>	<u>5,870</u>	<u>4,027</u>	<u>254</u>	<u>16,611</u>
	Revenue \$'000	Total assets \$'000	Non-current assets \$'000	Capital expenditure \$'000	
2011					
South East Asia	11,145	28,222	9,164	4,629	
South Asia	1,321	4,569	3,130	397	
Middle East and Africa	1,413	967	–	–	
Others	68	64	–	–	
	<u>13,947</u>	<u>33,822</u>	<u>12,294</u>	<u>5,026</u>	
Investment in an associate (Note 15)		798	798		
Unallocated assets		42	42		
		<u>34,662</u>	<u>13,134</u>		
	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>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

33. Segment information (Continued)

Contract type

	2012			2011		
	System sales	Managed services	Group	System sales	Managed services	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External sales						
Revenue	3,866	12,745	16,611	5,048	8,899	13,947
Gross profit	2,059	7,508	9,567	2,135	5,450	7,585
Gross profit (%)	53%	59%	58%	42%	61%	54%

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.

Revenue of \$4,655,000 (2011: \$4,619,000) and \$4,400,000 (2011: \$707,000) are derived from two (2011: two) external customers. The former is attributable to the TECH business segment while the latter is attributable to the TECH, VAS and OSS business segments.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2013

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	3	0.17	413	0.00
1,000 - 10,000	803	45.78	5,633,504	1.76
10,001 - 1,000,000	926	52.79	53,109,000	16.62
1,000,001 and above	22	1.26	260,829,758	81.62
TOTAL	1,754	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	7,456,000	2.33
5	Chang Shaw Hwa	5,852,000	1.83
6	OCBC Securities Private Ltd	5,401,000	1.69
7	HSBC (Singapore) Nominees Pte Ltd	5,090,000	1.59
8	Phillip Securities Pte Ltd	3,035,490	0.95
9	Lim Poh Keng	2,485,000	0.78
10	DBSN Services Pte Ltd	2,269,000	0.71
11	Tan Eng Chua Edwin	2,194,000	0.69
12	Wong Yoke Lu	2,060,000	0.64
13	Goh Peng Hock	2,000,000	0.63
14	Yan Kim Poh	1,950,000	0.61
15	DBS Nominees Pte Ltd	1,682,000	0.53
16	Ong Wooi Siang	1,595,000	0.50
17	UOB Kay Hian Pte Ltd	1,581,000	0.49
18	Lim Kim Soon	1,435,000	0.45
19	United Overseas Bank Nominees Pte Ltd	1,372,000	0.43
20	OCBC Nominees Singapore Pte Ltd	1,237,000	0.39
	TOTAL	258,446,758	80.88

SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of Shares	%
1	Worldwide Matrix Sdn Bhd	186,322,939 ^(a)	58.30
2	Wong Tze Leng	19,034,329	5.96

(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 20 March 2013, 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 Copthorne King's Hotel, 403 Havelock Road, Singapore 169632, Prince 2, Level 13 on Monday, 29 April 2013 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 2012 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 2012. **Resolution 2**
3. To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:-
 - (a) Mr Chuah Seong Phaik **Resolution 3**
 - (b) Mr Anton Syazi Ahmad Sebi **Resolution 4**

(See Explanatory Note 1)
4. To appoint RSM Chio Lim LLP as the Auditors of the Company in place of the retiring Auditors, BDO LLP, and to authorise the Directors to fix their remuneration. (See Explanatory Note 2) **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 3)

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

Dated this 12th day of April 2013

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 Chuah Seong Phaik will, upon re-election as a Director of the Company, remain as the Chairman of Audit Committee and Nominating Committee, a member of the Remuneration Committee of the Company and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST.
 - (b) Mr Anton Syazi Ahmad Sebi will, upon re-election as a Director of the Company, remain as the Chief Executive Officer of the Company.
2. Detailed information relating to the ordinary resolution 5 in item 4 above, is set out in the Circular relating to the Proposed Change of Auditors dated 12 April 2013.
3. The ordinary resolution 6 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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UNIFIED COMMUNICATIONS HOLDINGS LIMITED

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

Important:

1. For investors who have used their CPF monies to buy Unified Communications Holdings Limited's shares, this Annual Report 2012 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.

PROXY FORM

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

Company Registration No. _____ of _____

_____ (Address)

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

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

* and/or

--	--	--	--

as **my/our proxy/proxies* to vote for **me/us* on **my/our* behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Copthorne King's Hotel, 403 Havelock Road, Singapore 169632, Prince 2, Level 13 on Monday, 29 April 2013 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 2012 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 2012.	Resolution 2		
3.	To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:- (a) Mr Chuah Seong Phaik (b) Mr Anton Syazi Ahmad Sebi	Resolution 3 Resolution 4		
4.	To appoint RSM Chio Lim LLP as the Auditors of the Company in place of the retiring Auditors, BDO LLP, 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 _____ 2013

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 Annual General Meeting. 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 this instrument of proxy to the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (as defined in Section 130A of the Companies Act, 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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