MDR LIMITED

ANNUAL REPORT 2011

Contents

Corporate Profile

mDR Limited is an established distributor and retailer of telecommunications devices and mobile related services.

We currently operate the largest network of 58 telecommunications retail stores (including franchised stores) providing M1 and SingTel services such as mobile, fixed and wireless broadband. The retail brands being managed comprise Handphoneshop, 3 Mobile, Nokia concept stores and Gadget World.

Our core businesses are:

- Authorised distribution of mobile devices and accessories for leading global brands like Samsung, Nokia, Sony Ericsson and LG. We also distribute Nokia original accessories in Malaysia.

- Key partner of telecommunications service providers M1 and SingTel, through retail distribution networks branded Handphoneshop and 3 Mobile stores respectively. Our retail stores are situated in highly accessible locations in HDB heartlands, suburban and city shopping malls within easy reach of consumers.

- Exclusive partner of Nokia for the chain of Nokia branded retail concept stores.

- Exclusive territory distributor for SingTel prepaid card services.

- Provider of after-market services to end consumers for key partners Samsung and Sony Ericsson, for equipment repairs and technical services.

Financial Highlights

Revenue

S$357 million

Profits

S$7.6 million

Net Tangible Assets

S$31 million

Profits Increase

22%

Year	2011	2010	2009	2008	2007
Revenue ($'000)	**357,160**	314,949	226,262	267,503	288,066
Profits (Loss) before tax ($'000)	**7,708**	4,816	(1,818)	(25,608)	166
Profits (Loss) attributable to owners ($'000)	**6,994**	4,963	(2,561)	(23,036)	(1,417)
Earnings per share (cents)	**0.15**	0.16	(0.12)	(1.33)	(0.09)
Cash balance* ($'000)	**14,778**	14,249	10,895	9,815	9,765
Bank loans ($'000)	**-**	13,978	16,350	20,893	19,107
Net tangible assets ($'000)	**31,282**	12,359	5,229	1,124	4,366
Net asset value ($'000)	**33,632**	14,709	7,579	6,711	24,095
Net asset value per share (cents)	**0.53**	0.39	0.29	0.38	1.43

* Including pledged cash


Profit
Profit
return on
productive
instances


NOKIA BLUETOOTH HEADSET
HELLO KITTY IPAD2 CASE
Samsung
GALAXY

Chairman's Statement

Notwithstanding the uncertainties in the global and domestic economy in 2011, I am pleased to report that 2011 has been another exceptional year for the Group, as it ended the year with its ninth consecutive financial quarters of positive operating profits from 4Q 2009. The Group's successful rights issue exercise also paved the way for the full repayment of all its bank borrowings, and with this, we can be more focused on running our current businesses and to pursue other business opportunities that can add value to the Group.

Rights Cum Warrants Issue

The Company achieved a major milestone towards end September 2011 with the full repayment of its bank loans. This full repayment to the banks is a testament to the strong resolve and will of the Company to fully discharge its obligations, and we thank the banks for their patience and support through the years when the loans were under restructuring. The full repayment of the loans to a great extent was made possible with a renounceable non-underwritten rights issue successfully undertaken by the Company in September 2011 (the "Rights Cum Warrants Issue"). The Rights Cum Warrants Issue was oversubscribed and a total of $7.74 million was raised. We thank our shareholders for their strong support and confidence through their active participation and subscription.

Increased Stake in DMS

Another major corporate exercise undertaken in 2011 was the Company's successful acquisition of a substantial additional stake totaling 21.15% in its principal subsidiary Distribution Management Solutions Pte Ltd ("DMS") from four individual shareholders. Through the years, the Company has been increasing its stake in DMS from 50% in 2004 to 76.37% before this share acquisition exercise. The Company currently owns 97.53% of DMS, and for 2011, DMS operations contributed about 94% of the group's total revenue. The Company expects its future growth to be closely aligned to the profitable DMS businesses.

Financial Review

In 2011, the Group achieved a 13% increase in turnover to $357 million, compared to a turnover of $315 million for 2010. Net profits after tax registered a 22% improvement from $6.2 million in 2010 to $7.6 million in 2011. If gains from discontinued operations were excluded, the Group's net profits were doubled that of 2010's net profits of $3.5 million. For 2011, the Group saw strong performances from its distribution and prepaid cards businesses.

The Group's financial position strengthened with an improved net tangible asset base of $31.3 million as at 31 December 2011 compared to $12.4 million as at 31 December 2010. The successful Rights Cum Warrants Issue, together with positive cash generated from operations, enabled the Group to fully repay all its bank borrowings. As at 31 December 2011, the Group is debt-free with a healthy cash balance of $14.8 million (including pledged cash of $2 million).

Business Operations

We have a total of 58 managed and franchised retail outlets in Singapore under retail brands Handphoneshop, 3 Mobile, Nokia concept stores and Gadget World, making us the leading player in the telecommunications retail industry. The Group will continue to expand its retail portfolio in Singapore, always striving to be at the forefront of its business and to break new grounds in its products and services offerings. Gadget World, the Group's new concept store that retails the latest gadgets, electronic devices and mobile accessories, was first launched in March 2011 at The Shoppes at Marina Bay Sands. It proved to be a hit with tech savvy Singaporeans and tourists, and subsequently, two new Gadget World shops at Jurong Point Shopping Centre and Causeway Point Shopping Centre were added. Gadget World Concept Corners can also be found in the majority of our mainstream Handphoneshop and 3 Mobile stores.

According to the Intelligent Nation 2015 master plan introduced by Infocomm Development Authority of Singapore in 2006, Singapore will transform into an intelligent nation and a global city, powered by info-communications by 2015 with a new, ultra high-speed, all-fibre network known as the Next Generation Nationwide Broadband Network. Although most Singaporeans are internet-enabled, with its current low household penetration, we have identified fibre broadband as an area of growth and was appointed as an authorised direct sales agent of SingTel fibre and content services to target approximately 1.2 million homes in Singapore. With technology convergence and increasing consumption of multimedia content by consumers, we believe that the adoption of fibre

"2011 has been another exceptional year for the Group, as it ended the year with its ninth consecutive financial quarters of positive operating profits."

broadband will increase in 2012 and this will be an additional revenue stream that can be generated for the Group.

The Group's after market services ("AMS") business comprised about 6% of its total revenues for 2011. The AMS business, after two years of extensive operational restructuring, manpower and cost rationalization, turned in a profitable performance for 2011. We will continue to work closely with our AMS partners to further improve our yields in the business and to provide quality service to our customers.

The year ahead

The outlook for the global economy in 2012 remains uncertain, but we stand prepared for the challenges ahead. The telecommunications industry is growing rapidly; we intend to find new prospects to diversify our revenue streams and further strengthen our position in the industry. Further ahead, the Group is looking for opportunities to diversify its business with the aim of maximizing shareholder value.

Acknowledgements

I wish to express my gratitude to the Directors, management and staff of the Company for their dedication, tenacity and hard work, without whom the Company would not have been able to overcome its past difficulties and be where it is today.

I would also like to thank our shareholders, customers and business partners for their continuing support, confidence and loyalty. Thank you for believing in us, and we hope to deliver even better results in 2012.

PHILIP ENG HENG NEE
Chairman
31 March 2012

Board of Directors

PHILIP ENG HENG NEE
Chairman, Independent & Non-Executive Director
Date of first appointment : 1 June 2005

Mr. Philip Eng is a Non-Executive Chairman of Frasers Centrepoint Asset Management Ltd and Executive Deputy Chairman of Hup Soon Global Corporation. Mr. Eng is also a director of several private and public-listed companies.

At present, Mr. Eng is Singapore's Ambassador to Greece and High Commissioner to Cyprus. He graduated from the University of New South Wales with a Bachelor of Commerce in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.

ONG GHIM CHOON
Executive Director & Chief Executive Officer
Date of first appointment : 19 August 2009

Mr. Ong is the Chief Executive Officer of the Group's principal subsidiary Distribution Management Solutions Pte. Ltd., a position he has held since May 2004. Mr. Ong is responsible for the overall management of the business of the Group. He has extensive experience in the telecommunications industry and Mr. Ong has been responsible for the establishment and management of several telecommunications companies since 1993. He was the founder of the retail chain "Handphone Shop" and his previous companies Pacific Page Pte. Ltd. and Pacific Cellular Pte. Ltd., which were involved in the import, export, distribution and retail of telecommunication and related products and accessories.

MAH KAH ON
Independent & Non-Executive Director
Date of first appointment : 9 September 2005

Mr. Mah built a 25-year career in the financial services sector, holding various positions through the years at UMF (S) Limited (formerly known as Associated Merchant Bank Pte Ltd). He was the Chief Executive Officer from 1999 until 30 June 2005, when he retired. Mr. Mah is a qualified chartered accountant with the Institute of Chartered Accountants in England and Wales and he is currently a member of the Institute of Certified Public Accountants in Singapore.

THAM KHAI WOR
Independent & Non-Executive Director
Date of first appointment : 6 October 2006

Mr Tham was the Senior Executive Vice President, Singapore Press Holdings Ltd and retired in 2005 after 33 years. He held positions as

- President, Master Printers Association;
- President, Media Owners Association;
- Founding Governor, Institute of Advertising; and
- Director, Asian Federation of Advertising Associations.

His knowledge and experience in publishing, advertising and marketing is well known in the region and a key person in the advancement of the respective industries.

He is now a Principal Consultant at Saltus Consulting Pte Ltd specializing in Marketing and Brand Strategy, and Media Relations.

Gadget World - a fresh retail concept that extends beyond our mainstream products


GADGET WORLD
Vivid
Fast
Slim

Our Retail Network

Singtel Exclusive Retailer

Ang Mo Kio Central
Blk 726 Ang Mo Kio Ave 6
#01-4162
S (560726)

Ang Mo Kio Central
Blk 727 Ang Mo Kio Ave 6
#01-4250
S (560727)

AMK Hub
53 Ang Mo Kio Ave 3
#01-17/18
S (569933)

Bedok Central
Blk 211 New Upper Changi Road,
#01-747
S (460211)

Boon Lay Shopping Centre
221 Boon Lay Place
#01-116
S (640221)

Century Square
2 Tampines Central 5
#05-22
S (529509)

Clementi Central
Blk 449 Clementi Avenue 3
#01-263
S (120449)

Compass Point
1 Seng Kang Square
#02-32
S (545078)

Funan Digitalife Mall
109 North Bridge Road
#01-11
S (179097)

Great World City
1 Kim Seng Promenade
#02-38
S (237994)

Hougang Mall
90 Hougang Ave 10
#04-17
S (538766)

3 MOBILE

IMM
2 Jurong East Street 21
#02-02
S (609601)

ION Orchard
2 Orchard Turn
#B3-34
S (238801)

Junction 8 Shopping Centre
9 Bishan Place
#02-32
S (579837)

Jurong Point Shopping Centre
1 Jurong West Central 2
#03-25A
S (648886)

Jurong West
Blk 501 Jurong West Street 51
#01-271
S (640501)

Loyang Point
258 Pasir Ris Street 21
#02-341
S (510258)

NTUC Resort
(Downtown East)
1 Pasir Ris Close
#01-09A/B
S (519599)

Parkway Parade
80 Marine Parade Road
#B1-153 Parkway Parade
S (449269)

People's Park Centre
101 Upper Cross Street
#01-44
S (058357)

Queensway Shopping Centre
1 Queensway
#01-42
S (149053)

Tampines Mart
11 Tampines Street 32
#01-02A
S (529287)

The Verge
2 Serangoon Road
#01-05
S (218227)

Thomson Plaza
310 Upper Thomson Road
#01-77
S (574408)

VivoCity
1 HarbourFront Walk
#02-08
S (098585)

West Coast Plaza
154 West Coast Road
#B1-38
S (127371)

Yishun
Blk 291 Yishun Street 22
#01-357
S (760291)

M1 Exclusive Retailer

Handphone SHOP

Ang Mo Kio Central
Blk 726 Ang Mo Kio Ave 6
#01-4162
S (560726)

Bedok Central
Blk 211 New Upper Changi Road
#01-747
S (460211)

Century Square
2 Tampines Central 5
#04-14A
S (529509)

Clementi Central
Blk 449 Clementi Ave 3
#01-263
S (120449)

Funan Digitalife Mall
109 North Bridge Road
Level 1 Kiosk K8
S (179097)

Great World City
1 Kim Seng Promenade
#02-36
S (237994)

Hougang Festival Market
1 Hougang Street 91
#01-05
S (538692)

ION Orchard
2 Orchard Turn
#B3-15A
S (238801)

Junction 8 Shopping Centre
9 Bishan Place
#02-30
S (579837)

Jurong Point Shopping Centre
1 Jurong West Central 2
#03-19
S (648886)

Lot 1 Shoppers' Mall
21 Choa Chu Kang Ave 4
#B1-18
S (689812)

NEX
23 Serangoon Central
#04-43/44
S (556083)

Sembawang Shopping Centre
604 Sembawang Road
#B1-04
S (758459)

Taman Jurong
Blk 399 Yung Sheng Road
#01-47
S (610399)

The Shoppes At Marina Bay Sands
2 Bayfront Avenue
#B2-60
S (018972)

The Verge
2 Serangoon Road
#01-03
S (218227)

Toa Payoh HDB Hub
Blk 190 Lorong 6 Toa Payoh
#01-548
S (310190)

VivoCity
1 Harbourfront Walk
#02-26
S (098585)

White Sands Shopping Centre
1 Pasir Ris Central Street 3
#03-22
S (518457)

Yishun Chong Pang
Blk 101 Yishun Ave 5
#01-89
S (760101)

Gadget World

Causeway Point
1 Woodlands Square
#03-14A
S (738099)

Jurong Point Shopping Centre
63 Jurong West Central 3
#B1-87/88
S (648331)

The Shoppes At Marina Bay Sands
2 Bayfront Avenue
#B2-61
S (018972)

Nokia Branded Stores

AMK Hub
53 Ang Mo Kio Ave 3
#B1-58
S (569933)

Causeway Point
1 Woodlands Square
#03-14
S (738099)

Century Square
2 Tampines Central
#04-07/08
S (529509)

Funan Digitalife Mall
109 North Bridge Road
Level 1 Kiosk K8
S (179097)

ION Orchard
2 Orchard Turn
#B3-33
S (238801)

Parkway Parade
80 Marine Parade Road
#B1-45/46
S (449269)

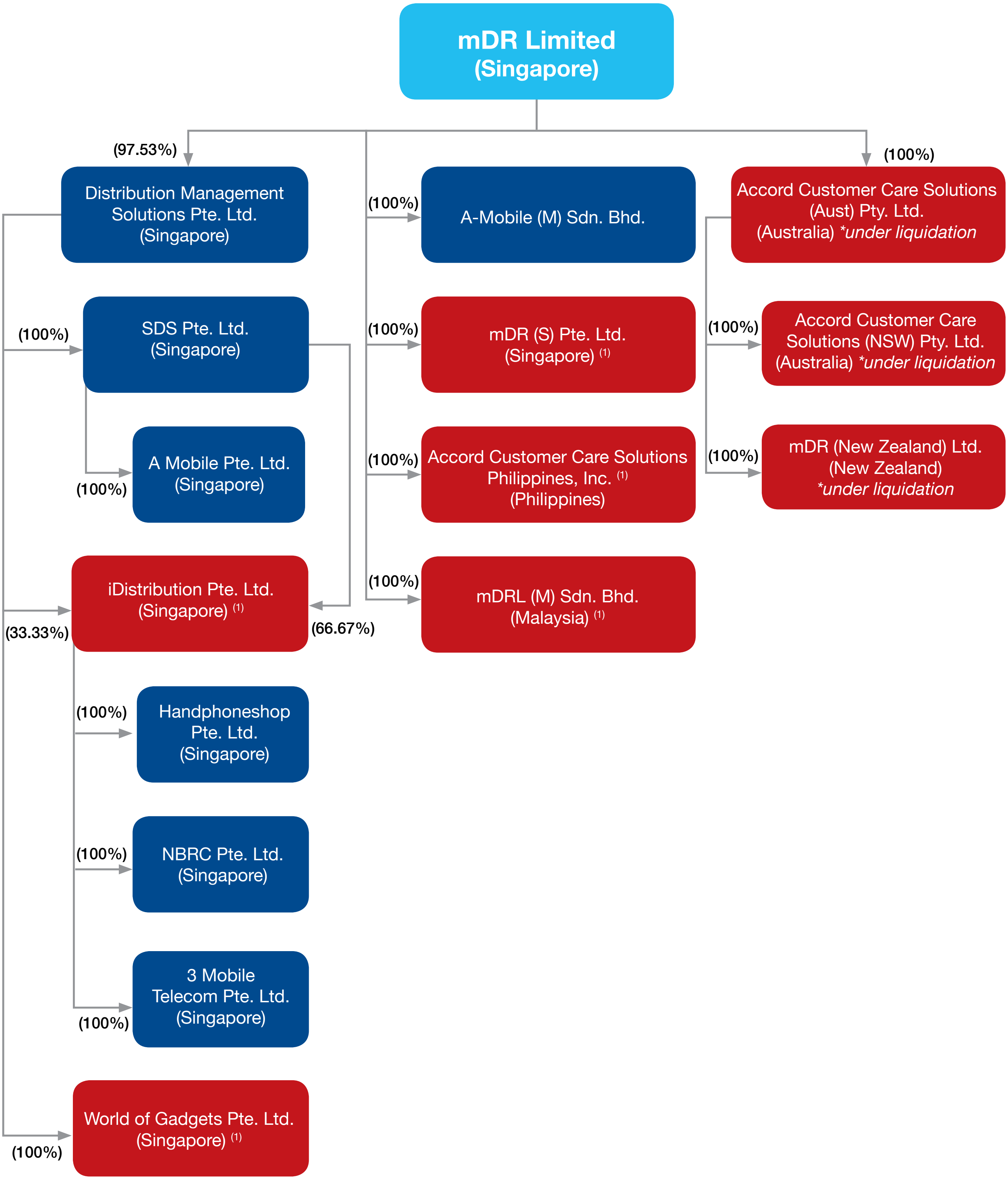
Samsung Mobile Plaza

Plaza Singapura
68 Orchard Road
#B2-23
S (238839)

Samsung Flagship Store

VivoCity
1 Harbourfront Walk
#02-28/29
S (098585)

Group Structure
(As at 31 December 2011)



(1) All subsidiaries denoted with a footnote (1) are currently dormant.

The Many Facets of Our Retail Business

The Gadget World shopping experience..."a little fun in every piece"


NOKIA
LUMIA 800
LG
GADGETWORLD
Below $300

Financial Contents

CORPORATE GOVERNANCE

The Company is committed to observe the standards of corporate governance as set out in the Singapore Code of Corporate Governance (the "Code").

BOARD MATTERS

PRINCIPLE 1: BOARD OF DIRECTORS' CONDUCT OF ITS AFFAIRS

The Board of Directors ("Board") is accountable to the shareholders while the management is accountable to the Board.

The Board establishes a control framework that enables risk to be assessed and managed as it oversees the Company's affairs and provides shareholders with a balanced and understandable assessment of the Company's performance, financial position and business prospects on a quarterly basis. This responsibility extends to making interim and other price sensitive public reports and reports to regulators as and when required.

The Company has in place internal guidelines setting forth matters that require Board approval such as those involving annual budgets, investment and divestment proposals and significant corporate actions of the Company.

To assist the Board in the execution of its responsibilities, the Board has established 3 committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), all of which operate within clearly defined terms of reference and functional procedures. Other ad hoc committees will also be constituted as and when necessary to oversee special matters.

Regular quarterly meetings are scheduled ahead for the Board to meet. In addition to scheduled meetings, the Board may also hold ad hoc meetings as and when required. The Company's Articles of Association (the "Articles") allow a Board meeting to be conducted by way of teleconference. Board approvals may also be obtained through written resolutions by circulation. The attendances of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings, are disclosed in this Report.

New Directors are briefed and given materials to help them familiarise themselves with the Company's business. To meet the Directors' training needs, the Company will fund Directors' attendances at courses appropriate for their discharge of duties as Directors.

Directors are given unrestricted access to all Company staff. Directors are provided with notices, agendas and meeting materials in advance of Board meetings. Key management staff and the Company's auditors and solicitors, where appropriate, are invited to assist the Board in its deliberations.

Directors' attendance at Board and Committee Meetings

For FY 2011, the Directors' attendances at board and committee meetings are as follows:

	Committee			
Director	**Board**	**Audit**	**Nominating**	**Remuneration**
Philip Eng Heng Nee	7 of 7	5 of 5	1 of 1	2 of 2
Mah Kah On	7 of 7	5 of 5	1 of 1	2 of 2
Tham Khai Wor	7 of 7	5 of 5	1 of 1	2 of 2
Ong Ghim Choon[1]	7 of 7	-	-	-

[1] Mr Ong Ghim Choon is not a member of the AC, NC and RC

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

As at the date of this Report, the Board comprises four Directors, all of whom, except for the Chief Executive Officer, are Independent and Non-Executive Directors. The Board has examined its size and is of the view that the current arrangement is adequate given that the Independent Directors form majority of the Board composition.

The independence of each Independent Director is reviewed annually by the NC. For this, the NC adopts the Code's definition of what constitutes an independent director in its review.

The NC is of the view that the current Independent Directors are independent within the meaning of the Code, that there is a strong and independent element on the Board and it is able to exercise objective judgment on all corporate affairs independently, in particular, from management, and that no individual or small group of individuals dominate the Board's decision-making process.

The NC is also of the view that the current Board consists of persons who, together, will provide core competencies such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge necessary to meet the Company's objectives.

Board and Board Committees

		Committee		
Director	**Board**	**Audit**	**Nominating**	**Remuneration**
Philip Eng Heng Nee	Chairman Independent & Non-Executive	Member	Chairman	Member
Mah Kah On	Independent & Non-Executive	Chairman	Member	Member
Tham Khai Wor	Independent & Non-Executive	Member	Member	Chairman
Ong Ghim Choon	Executive Director	-	-	-

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has a separate Chairman and Chief Executive Officer. The Chairman bears responsibility for the management of the Board, while the Chief Executive Officer is the most senior executive in the Company and bears executive responsibility for the Company's business.

The Board applies the principle of clear division of responsibilities at the top of the Company; the workings of the Board and the executives' responsibility of the Company's business are divided to ensure a balance of power and authority.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three Non-Executive and Independent Directors.

The NC is responsible for, inter alia, making recommendations to the Board on all Board appointments and determining the independence of Directors.

The NC has put in place a set of guidelines to evaluate Board and individual Director's performance. Each member of the NC shall abstain from voting on any resolution, making any recommendations and participating in any deliberation of the NC in respect of the assessment of his performance and re-nomination as a Director.

New Directors may be appointed via Board resolutions after the NC has reviewed and nominated them for appointments. Such new Directors must submit themselves for re-election at the next annual general meeting of the Company. The NC, in considering the re-appointment of any Director, will evaluate the performance of the Director. The Board Chairman will constantly monitor, and assess each Director's contribution to the Board at meetings, intensity of participation at meetings and the quality of interventions and then discuss the results with the Chairman of the NC. The Directors' attendance records at Board and Board committee meetings will make up the other criteria for re-appointment.

Article 91 of the Articles requires every Director to retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being shall retire from office. This means that no Director shall stay in office for more than three years before being re-elected by shareholders.

PRINCIPLE 5: BOARD PERFORMANCE

At the end of each financial year, the NC reviews the Board's performance by completing a questionnaire to assess various aspects of the Board such as composition and size of the Board, Board accountability, evaluation, processes and the Board's access to information.

The NC will also determine whether to re-nominate directors who are due for retirement at the next annual general meeting, and in determining whether directors with multiple board representations are able to and have adequately discharged their duties as Directors of the Company.

PRINCIPLE 6: ACCESS TO INFORMATION

Board memoranda accompany each Director's written resolution to provide explanatory information on the resolution. Financial budgets and forecasts are presented to the Board before adoption. The Directors are provided with the telephone numbers and e-mail addresses of the Company's senior management and Company Secretary to facilitate separate and independent access.

Should the Directors, whether as a group or individually, need independent professional advice, the Board will appoint a professional adviser selected by the group or individual, to render the advice. The cost of such professional advice will be borne by the Company.

The Company Secretary attends and prepares minutes of Board and Board committee meetings. She helps to ensure that board procedures are followed and relevant rules and regulations are complied with.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9: DISCLOSURE OF REMUNERATION

The RC currently comprises three Non-Executive and Independent Directors.

The RC is mandated with the responsibility to oversee the general compensation of key employees of the Group with a goal to motivate, recruit and retain such employees and Directors through competitive compensation and progressive policies. The RC's recommendations are made in consultation with the Chairman of the Board and submitted for approval by the entire Board.

Each member of the RC shall abstain from voting on any resolutions, making any recommendation and participating in any deliberation in respect of his remuneration.

The RC's principal responsibilities are, to:

1) recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as share options;

2) approve the structure of the compensation programme (including, but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;

3) review Directors' and Key Executives compensation annually and determine appropriate adjustments, review and recommend the Chief Executive Officer's pay adjustments; and

4) administer the mDR Share Option Scheme 2003 ("ESOS"), details of which are set out in this Annual Report.

The RC has access to the Company's human resources department and external consultants for expert advice on executive compensation.

Remuneration policy in respect of Directors and other Key Executives

The RC decides on the specific remuneration packages for the Directors, Chief Executive Officer and all key employees who report directly to the Chief Executive Officer.

The Chief Executive Officer's remuneration package includes a performance-related variable bonus and share options, which have been designed to align his interests with the shareholders'. The Non-Executive Directors, including Chairman's remuneration are not performance-related and are paid Directors' fees, subject to the approval of shareholders at the Company's annual general meeting. The Chairman is also entitled to share options under the ESOS.

In setting remuneration packages, the RC takes into account the performance of the Group and the individuals. In its deliberations, the RC takes into consideration pay and employment conditions within the industry and in comparable companies.

The RC recommends to the Board, Non-Executive Directors' fees that are appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities. The RC is of the view that the Non-Executive Directors are not over-compensated to the extent that their independence may be compromised.

There is no existing or proposed service contract entered or to be entered into by any Director with the Company or any of the Company's subsidiaries which provide for benefits upon termination of employment.

Directors' Remuneration Table for the Financial Year Ended 31 December 2011

Remuneration Bands & Name of Directors	Fees [1] (%)	Salary (%)	Bonus [2] (%)	Other Benefits [3] (%)	Total (%)	ESOS (No. of options)
S$500,000 to S$750,000						
Ong Ghim Choon	-	51.6	38.0	10.4	100	10,000,000
Below S$250,000						
Philip Eng Heng Nee	100	-	-	-	100	5,759,000
Mah Kah On	100	-	-	-	100	-
Tham Khai Wor	100	-	-	-	100	-

(1) These fees are subject to approval by shareholders as a lump sum at the Annual General Meeting for FY2011.
(2) Include Annual Wage Supplement and Variable Bonus.
(3) Include employers' CPF, allowance and car benefits.

Key Executives' Remuneration Table for the Financial Year Ended 31 December 2011

Remuneration Bands & Name of Key Executives	Salary (%)	Bonus [1] (%)	Other benefits[2] (%)	Total (%)	ESOS (No. of options)
S$250,000 to S$500,000					
Wee Swee Neo, Doris	59.0	38.2	2.8	100	7,000,000
Kwa Hian Djoe	56.4	25.9	17.7	100	5,000,000
Below S$250,000					
Chua Lay Ching, Sarah	78.1	6.6	15.3	100	-
Ng Eng Ming, Peter	54.7	25.1	20.2	100	4,000,000
Ong Ghim Chwee[3]	53.8	24.7	21.5	100	4,000,000
Siua Cheng Foo, Richard	87.2	7.3	5.5	100	-

(1) Include Annual Wage Supplement and Variable Bonus.
(2) Include employers' CPF, allowance and car benefits.
(3) Mr Ong Ghim Chwee is the brother of Mr Ong Ghim Choon (Executive Director of the Company), and his remuneration exceeds S$150,000 during FY2011.

PRINCIPLE 10: ACCOUNTABILITY AND AUDIT

The Board has the responsibility to present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board reviews the Company's quarterly, half-yearly and full year financial results and undergoes full review and discussion before final approval and release.

Quarterly financial results and other price-sensitive information are communicated to the shareholders through announcements released via SGXNET and the Company's website.

PRINCIPLE 11: AUDIT COMMITTEE ("AC")

Under its terms of reference, the AC reviews the quarterly and full-year financial statements prior to submission to the Board. The AC also ensures the independence and objectivity of external auditors, and reviews all interested person transactions.

The AC is explicitly authorised by the Board to investigate any matters within its terms of reference. For such purpose, the AC shall have full access to and co-operation of the management, full discretion to invite any Director and executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly. Each member of the AC shall abstain from voting on any resolution, making any recommendation and participating in any deliberation in respect of matters in which he is interested.

Minutes of AC meetings are available to all Directors for information and review.

The AC meets with the external auditors at least four times a year without the presence of the management. The AC has reviewed the independence and objectivity of Deloitte & Touche LLP and has satisfied itself of Deloitte & Touche LLP's position as an independent external auditor.

PRINCIPLE 12: INTERNAL CONTROLS

The Company maintains internal control systems that are intended to safeguard, verify and maintain the assets and proper accounting with a clear operating structure based upon its delegations of authority and reporting structures, codes of conduct and other documented procedures in place. These internal controls include financial reporting, operational and compliance controls, management accounting, information technology systems security and project appraisal policies and systems established by management.

The system of internal controls that are in place are intended to provide reasonable but not absolute assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

Based on reviews performed by internal and external auditors, the Directors and the AC are satisfied and are of the opinion that, in the absence of any evidence to the contrary, there are adequate internal controls in place.

PRINCIPLE 13: INTERNAL AUDIT

The Company has established an internal audit function that is independent of the activities it audits. The internal audit function is presently outsourced and conducted by ELTICI e-Risk Services Pte Ltd, who specializes in carrying out internal audit reviews on behalf of listed companies. Reports prepared by the internal auditors ("IA") are reviewed by the AC. The AC also reviews and approves the annual internal audit plans to ensure that the internal auditor has the capability to adequately perform its functions. The IA meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 15: GREATER SHAREHOLDER PARTICIPATION

The Company has adopted quarterly results reporting since its listing. The quarterly results are published through the SGXNET for the public and shareholders' information.

The Company does not practise selective disclosure of material information. Material information is publicly released promptly, either before the Company meets with investors/analysts or thereafter whenever appropriate. Results and annual reports are announced or issued within the mandatory period (unless extension of time is granted by the Singapore Exchange Securities Trading Limited and/or the Accounting and Corporate Regulatory Authority) and will also be made available on the Company's website.

All shareholders of the Company receive the Company's annual report and notice of the annual general meeting. The notice of meeting will also be posted on the Company's website. At the annual general meetings, shareholders are given equal opportunity and time to air their views and ask Directors and management questions regarding the Company. The Articles allow a shareholder to appoint one or two proxies to attend and vote in his place at general meetings. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. Resolutions are passed separately at general meetings.

The Company is not implementing absentia voting as this method is elaborate and costly, and the need for it presently does not arise.

OTHER CORPORATE GOVERNANCE PRINCIPLES

Best practices guide and dealings in securities

The Company has adopted a Best Practices Guide pursuant to Rule 1207(8) of the Listing Manual guidelines and made it applicable to all its officers in relation to their dealings in the Company's securities.

Directors and employees are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's first quarter, half-year and third quarter financial results, and one month before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results. Directors and employees are also reminded not to deal in the Company's securities on short-term considerations.

Risk management policies and processes

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as measures to control these risks. Management also reviews internal control policies and highlights all significant matters to the Board and the Audit Committee.

In the coming financial year, the Company will embark on a comprehensive audit and review of its current strategic, operational, financial, market and compliance risks with the help of a suitable external professional body. This overall enterprise risk management review will address any deficiencies in the Company's current risk management policies and ensure that going forward, its risk management processes and policies are relevant, adequate and effective.

Non-audit fees

The Company had engaged its auditors Deloitte & Touche LLP to provide tax advisory services, for which tax fees of S$60,700 were incurred for the financial year ended 31 December 2011. Save for this, there were no other non-audit services rendered by our auditors.

Interested person transactions policy

The Company has adopted an internal policy where all interested person transactions will be documented and submitted quarterly (during each quarterly AC meeting) to the AC for its review to ensure that such transactions are carried out at arm's length basis, on normal commercial terms and are not prejudicial to the Company and its minority shareholders.

In the event that a member of the AC is deemed to have an interest in an interested person transaction, he is required to abstain from reviewing that particular transaction.

Material contracts

No material contract has been entered into by the Group involving the interests of the Chief Executive Officer, any director or controlling shareholder, during the financial year ended 31 December 2011 save for the transactions below: -

Name of Organisation/ Individual	Description of Contract	Amount
Pacific Organisation Pte. Ltd.	Leasing of premises	S$38,131 per month
	Leasing of vehicles	S$642 per month
Ong Ghim Choon	Acquisition by the Company of 33,333,320 ordinary shares in the capital of Distribution Management Solutions Pte. Ltd.	S$1,659,999

Implementation of whistle-blowing policy

The Company has implemented a whistle-blowing policy by which staff of the Company may, in confidence, raise concerns about possible improprieties in operational, financial or other matters. Procedures are in place for independent investigation of such matters and for appropriate follow-up action to be carried out.

Use of Proceeds

The following sets out the status on the use of proceeds from the Directors' Placement, Employees' Placement and renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011 (the "Rights Cum Warrants Issue").

A. Directors' Placement and Employees' Placement

	S$'000
Net proceeds of Directors' Placement and Employees' Placement	*475*
Use of proceeds to partially repay the Group's outstanding overdraft with DBS Bank Ltd., Hongkong and Shanghai Banking Corporation and United Overseas Bank Limited	*(475)*
Balance of proceeds as at 31 December 2011	*Nil*

The use of proceeds is in accordance with the intended use of the net proceeds as described in the announcement released by the Company on 9 June 2011 and the Circular dated 14 July 2011.

B. Rights Cum Warrants Issue

	S$'000
Net proceeds of the Rights Cum Warrants Issue (as announced by the Company on 23 September 2011)	*7,743*
Use of proceeds to fully repay the Group's outstanding overdraft with DBS Bank Ltd., Hongkong and Shanghai Banking Corporation and United Overseas Bank Limited	*(6,399)*
Balance of proceeds as at 31 December 2011	*1,344*

The use of proceeds is in accordance with the intended use of the net proceeds as described in the Offer Information Statement dated 1 September 2011.

Interested Party Transactions

as at 31 December 2011

Name of Interested Person	Aggregate value of all interested person transactions (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)
Pacific Organisation Pte. Ltd.	S$439,000	Nil

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2011.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Philip Eng Heng Nee	(Chairman of the Board of Directors)
Mah Kah On	
Tham Khai Wor	
Ong Ghim Choon	

2 AUDIT COMMITTEE

The Board of Directors has adopted the principles of corporate governance under the Best Practices Guide with regards to the audit committee.

The members of the Audit Committee, comprising all non-executive directors, at the date of this report are:

Mah Kah On	(Chairman of the Audit Committee)
Philip Eng Heng Nee	
Tham Khai Wor	

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the financial statements of the Company and the consolidated financial statements of the Group before the submission to the directors of the Company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and the financial position of the Company and the Group;

e) the co-operation and assistance by the management to the Group's external auditors; and

f) the reappointment of the external auditors of the Group.

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

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options mentioned in paragraphs 4 and 6 of the Report of the Directors.

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		
Name of directors and companies in which interests are held	At beginning of year	At December 31, 2011	At January 21, 2012
<u>mDR Limited</u>			
- Ordinary shares			
Philip Eng Heng Nee	-	65,266,666	65,266,666
Ong Ghim Choon	-	433,986,666	433,986,666
Tham Khai Wor	-	15,000,000	15,000,000
Mah Kah On	-	10,000,000	10,000,000
<u>mDR Limited</u>			
- Warrants to subscribe for ordinary shares at exercise price of $0.005 each			
Philip Eng Heng Nee	-	45,266,664	45,266,664
Ong Ghim Choon	-	433,986,664	433,986,664
Mah Kah On	-	10,000,000	10,000,000
<u>mDR Limited</u>			
- Options granted			
Philip Eng Heng Nee	10,368,000	12,177,000	30,935,000
Ong Ghim Choon	5,000,000	15,000,000	15,000,000
<u>Distribution Management Solutions Pte Ltd</u>			
- Ordinary shares			
Ong Ghim Choon	33,333,320	-	-

5 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies 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 as disclosed in the financial statements.

6 SHARE OPTIONS

a) At the Extraordinary General Meeting held on January 13, 2003, the shareholders approved the adoption of the ACCS Share Option Scheme 2003. On June 7, 2006, the share option scheme was renamed as the mDR Share Option Scheme 2003 (the "2003 Scheme"). The share option scheme is administered by the Remuneration Committee, comprising the following:

Tham Khai Wor	(Chairman of the Remuneration Committee)
Mah Kah On	
Philip Eng Heng Nee	

Mr Philip Eng Heng Nee did not participate in any deliberation or decision in respect of the options granted to him.

b) Each share option entitles the employees of the Group and of its associated company(ies) to subscribe for one new ordinary share in the Company. The options are granted at a consideration of $1.00 paid by each option holder.

The 2003 Scheme will operate for a maximum period of 10 years commencing on January 13, 2003. Under the 2003 Scheme, share options may be granted to the employees of the Group and its associated company(ies), if any, provided that the Company has control over the associated company(ies). Control is defined as the capacity to dominate decision making in relation to the financial and operating policies of the Company. Approval of the independent shareholders in separate resolutions is required for the participation by and the number and terms of options to be granted to participants who are controlling shareholders of the Company or their associates.

Options that are granted may be at the market price ("Market Price Options") or may have exercise prices that are, at the Remuneration Committee's discretion, set at a discount to the market price of a share. The maximum discount cannot exceed 20%.

If an option holder ceases to be in full time employment with the Company or any of the companies within the Group or its associated company(ies) for any reason whatsoever, the option holder may exercise any unexercised options within 1 month from the last date of employment with the relevant entity.

Market Price Options shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof) at any time after (12) twelve months of the date of grant of that option.

Options granted with an exercise price set at discount to market price shall only be exercisable by a participant, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof) at any time after twenty four (24) months from the date of grant of that option.

Provided always that options shall be exercised before the end of one hundred and twenty (120) months (or sixty (60) months where the participant is a non-Executive Director) of the date of grant of that option and subject to such other condition as may be introduced by the Remuneration Committee from time to time.

c) At the Extraordinary Meeting held on April 14, 2004, the shareholders approved the amendment of certain provisions of the 2003 Scheme to:

i) allow non-executive directors of the Company to participate in the 2003 Scheme; and

ii) extend the size of the 2003 Scheme from 10% to 15% of the issued share capital of the Company.

d) The share options granted and exercised during the financial year and share options outstanding as at December 31, 2011 under the 2003 Scheme were as follows:

		Number of share options					
Date of grant	Balance at January 1, 2011	Granted	Exercised	Cancelled/ Lapsed	Balance at December 31, 2011	Exercise price per share	Exercisable period
September 17, 2003	212,141	-	-	-	212,141	0.3111	September 17, 2004 to September 16, 2013
April 14, 2004	8,177,133	-	-	-	8,177,133	0.5063	April 14, 2005 to April 13, 2014
January 10, 2008	1,088,000	-	-	-	1,088,000	0.0550	January 10, 2009 to January 9, 2013
May 13, 2008	9,500,000	-	-	(1,200,000)	8,300,000	0.0300	May 13, 2009 to May 12, 2018
May 20, 2010	3,950,000	-	(3,950,000)	-	-	0.0050	May 20, 2011 to May 19, 2015
May 20, 2010	2,665,000	-	-	-	2,665,000	0.0050	May 20, 2012 to May 19, 2015
May 20, 2010	2,665,000	-	-	-	2,665,000	0.0050	May 20, 2013 to May 19, 2015
March 9, 2011	-	2,419,000	-	-	2,419,000	0.0050	March 9, 2012 to March 8, 2017
March 9, 2011	-	48,500,000	-	-	48,500,000	0.0050	March 9, 2012 to March 8, 2021
March 9, 2011	-	1,670,000	-	-	1,670,000	0.0050	March 9, 2013 to March 8, 2017
March 9, 2011	-	1,670,000	-	-	1,670,000	0.0050	March 9, 2014 to March 8, 2017
Total	28,257,274	54,259,000	(3,950,000)	(1,200,000)	77,366,274		

Particulars of the options granted in 2003, 2004, 2008 and 2010 were set out in the Report of the Directors for the financial years ended December 31, 2003, December 31, 2004, December 31, 2008 and December 31, 2010 respectively.

On March 9, 2011, the Company granted options to subscribe for 54,259,000 ordinary shares of the Company at exercise price of $0.005 per share to eligible employees including Directors of the Company.

e) Options granted to directors of the Company under the 2003 Scheme were as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to December 31, 2011	Aggregate options exercised since commencement of the Scheme to December 31, 2011	Aggregate options lapsed since commencement of the scheme to December 31, 2011	Aggregate options outstanding at December 31, 2011
Philip Eng Heng Nee	5,759,000	27,365,000	(3,950,000)	(11,238,000)	12,177,000
Ong Ghim Choon	10,000,000	15,000,000	-	-	15,000,000

f) During the financial year, no options were granted to any Directors or employees of the Group or its associated companies except for the options mentioned above. No employees' options held exceed 5% of the total number of options available under the 2003 Scheme. No shares were issued at a discount to the market price.

g) At the end of the financial year, there were no unissued shares of the subsidiaries under option.

7 WARRANTS

Pursuant to the Offer Information Statement dated September 1, 2011, the Company issued rights shares with 4 free detachable warrants for every 1 rights share on the basis of 1 rights share for every 3 existing ordinary shares in the Company held by shareholders.

A total of 1,579,555,914 rights shares and 6,318,223,656 warrants were issued and were listed and quoted on the Singapore Exchange Securities Trading Limited on September 27, 2011 and September 28, 2011 respectively.

As at December 31, 2011, a total of 6,318,223,656 warrants were outstanding.

8 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Philip Eng Heng Nee

....
Ong Ghim Choon

March 26, 2012

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 34 to 89 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2011, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....
Philip Eng Heng Nee

....
Ong Ghim Choon

March 26, 2012

Independent Auditors' Report

to the members of mDR Limited

Report on the Financial Statements

We have audited the accompanying financial statements of mDR Limited (the Company) and its subsidiaries (the Group) which comprise the statements of financial position of the Group and the Company as at December 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 89.

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 (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide 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 account and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 December 31, 2011 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the 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.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore
March 26, 2012

Statements of Financial Position

December 31, 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
ASSETS					
Current assets					
Cash and bank balances	6	14,778	14,249	1,923	2,975
Trade receivables	7	23,913	23,260	2,619	820
Other receivables and prepayments	8	3,231	3,768	12,889	12,243
Inventories	9	15,553	13,124	696	375
Total current assets		57,475	54,401	18,127	16,413
Non-current assets					
Investment in associate	10	-	-	-	-
Investment in subsidiaries	11	-	-	14,436	9,936
Plant and equipment	12	3,110	2,101	654	68
Other investments	13	-	-	-	-
Long-term loan receivables	14	-	-	-	-
Other goodwill	15	2,350	2,350	-	-
Total non-current assets		5,460	4,451	15,090	10,004
Total assets		62,935	58,852	33,217	26,417
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdrafts	16	-	8,678	-	2,037
Convertible loan notes	17	-	5,350	-	5,350
Fair value adjustment on convertible loan notes	17	-	589	-	589
Trade payables	18	14,954	12,976	1,812	537
Other payables	19	11,720	10,948	2,656	5,092
Current portion of finance leases	20	81	-	64	-
Income tax payable		1,343	1,652	-	-
Total current liabilities		28,098	40,193	4,532	13,605
Non-current liabilities					
Finance leases	20	545	-	428	-
Deferred tax liabilities	21	154	274	-	-
Total non-current liabilities		699	274	428	-
Capital, reserves and non-controlling interests					
Share capital	23	122,117	109,456	122,117	109,456
Capital reserve	24	(859)	22	22	22
Share options reserve	25	1,590	1,528	1,590	1,528
Foreign currency translation reserve		200	137	-	-
Accumulated losses		(89,416)	(96,434)	(95,472)	(98,194)
Equity attributable to owners of the Company		33,632	14,709	28,257	12,812
Non-controlling interests		506	3,676	-	-
Total equity		34,138	18,385	28,257	12,812
Total liabilities and equity		62,935	58,852	33,217	26,417

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2011

	Note	2011	2010
		$'000	$'000
Continuing operations			
Revenue	26	357,160	314,949
Cost of sales	27	(323,952)	(283,866)
Gross profit		33,208	31,083
Other operating income	28	1,914	891
Administrative expenses		(18,353)	(18,964)
Other operating expenses	29	(9,246)	(7,666)
Changes in fair value of convertible loan notes designated as fair value through profit or loss	17	589	234
Finance costs	30	(404)	(762)
Profit before income tax		7,708	4,816
Income tax expense	31	(351)	(1,291)
Profit for the year from continuing operations		7,357	3,525
Discontinued operations			
Profit for the year from discontinued operations	32	276	2,717
Profit for the year	33	7,633	6,242
Other comprehensive income			
Currency translation differences arising from consolidation		71	199
Reclassification of currency translation reserves on disposals of subsidiaries		(8)	(3,036)
Other comprehensive income (loss) for the year, net of tax		63	(2,837)
Total comprehensive income for the year		7,696	3,405

Consolidated Statement of Comprehensive Income
Year ended December 31, 2011

	Note	2011	2010
		$'000	$'000
Profit attributable to:			
Owners of the Company		6,994	4,963
Non-controlling interests		639	1,279
		7,633	6,242
Total comprehensive income attributable to:			
Owners of the Company		7,057	2,126
Non-controlling interests		639	1,279
		7,696	3,405
Earnings per share (cents):			
From continuing and discontinued operations:			
- Basic	35	0.15	0.16
- Diluted	35	0.15	0.12
From continuing operations:			
- Basic	35	0.14	0.07
- Diluted	35	0.14	0.06

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2011

	Share capital	Capital reserve	Share options reserve	Foreign currency translation reserve	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance at January 1, 2010	104,466	22	1,836	2,974	(101,719)	7,579	2,536	10,115
Total comprehensive income for the year	-	-	-	(2,837)	4,963	2,126	1,279	3,405
Reversal of expenses related to equity settled share-based payment (Note 25)	-	-	(322)	-	322	-	-	-
Recognition of share-based payments (Note 25)	-	-	14	-	-	14	-	14
Disposal of subsidiaries (Note 32)	-	-	-	-	-	-	(139)	(139)
Convertible loan notes – Fair value gain (Note 23)	(10)	-	-	-	-	(10)	-	(10)
Issue of shares upon conversion of convertible loan notes (Note 23)	5,000	-	-	-	-	5,000	-	5,000
Balance at December 31, 2010	109,456	22	1,528	137	(96,434)	14,709	3,676	18,385
Total comprehensive income for the year	-	-	-	63	6,994	7,057	639	7,696
Issue of shares upon share options exercised (Note 23)	29	-	(9)	-	-	20	-	20
Reversal of expenses related to equity settled share-based payment (Note 25)	-	-	(24)	-	24	-	-	-
Issue of shares for settlement of advisory fees (Note 23)	510	-	-	-	-	510	-	510
Effect of acquiring part of non-controlling interest in a subsidiary (Notes 23 and 24)	4,150	(881)	-	-	-	3,269	(3,619)	(350)
Disposal of subsidiaries (Note 32)	-	-	-	-	-	-	(153)	(153)
Issue of placement shares (Note 23)	488	-	-	-	-	488	-	488
Expense in relation to issuance of placement shares (Note 23)	(13)	-	-	-	-	(13)	-	(13)
Issue of shares pursuant to rights cum warrants issue (Note 23)	7,898	-	-	-	-	7,898	-	7,898
Expense in relation to issuance of right shares (Note 23)	(451)	-	-	-	-	(451)	-	(451)
Recognition of share-based payments (Note 25)	-	-	95	-	-	95	-	95
Dividends paid to non-controlling interest	-	-	-	-	-	-	(37)	(37)
Issue of shares upon conversion of convertible loan notes (Note 23)	50	-	-	-	-	50	-	50
Balance at December 31, 2011	122,117	(859)	1,590	200	(89,416)	33,632	506	34,138

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2011

	Share capital	Capital reserve	Share option reserve	Accumulated losses	Total
	$'000	$'000	$'000	$'000	$'000
Company					
Balance at January 1, 2010	104,466	22	1,836	(103,378)	2,946
Total comprehensive income for the year	-	-	-	4,862	4,862
Reversal of expenses related to equity-settled share-based payment (Note 25)	-	-	(322)	322	-
Recognition of share-based payments (Note 25)	-	-	14	-	14
Convertible loan notes – Fair value gain (Note 23)	(10)	-	-	-	(10)
Issue of shares upon conversion of convertible loan notes (Note 23)	5,000	-	-	-	5,000
Balance at December 31, 2010	109,456	22	1,528	(98,194)	12,812
Total comprehensive income for the year	-	-	-	2,698	2,698
Issue of shares upon share options exercised (Note 23)	29	-	(9)	-	20
Reversal of expenses related to equity settled share-based payment (Note 25)	-	-	(24)	24	-
Issue of shares for settlement of advisory fees (Note 23)	510	-	-	-	510
Effect of acquiring part of non-controlling interest in a subsidiary (Note 23)	4,150	-	-	-	4,150
Issue of placement shares (Note 23)	488	-	-	-	488
Expense in relation to issuance of placement shares (Note 23)	(13)	-	-	-	(13)
Issue of shares pursuant to rights cum warrants issue (Note 23)	7,898	-	-	-	7,898
Expense in relation to issuance of right shares (Note 23)	(451)	-	-	-	(451)
Recognition of share-based payments (Note 25)	-	-	95	-	95
Issue of shares upon conversion of convertible loan notes (Note 23)	50	-	-	-	50
Balance at December 31, 2011	122,117	22	1,590	(95,472)	28,257

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2011

	2011	2010
	$'000	$'000
Operating activities		
Profit before income tax	7,984	7,540
Adjustments for:		
Depreciation expense	1,017	819
Interest expense	404	772
Interest income	(9)	(10)
Loss on disposal of plant and equipment	13	14
Plant and equipment written off	67	114
(Reversal of) Impairment on plant and equipment	(34)	62
Allowance for inventories	566	1,022
Inventories written off	29	-
Bad debts written off – trade	4	7
Bad debts written off – non-trade	15	12
(Reversal of) Allowance for doubtful trade receivables	(85)	183
Allowance for doubtful other receivables	32	476
Share-based payments	95	14
Professional fees settled by shares	510	-
Gain arising from de-consolidation of disposed subsidiaries	(172)	(4,465)
Changes in fair value of convertible loan notes designated as fair value through profit or loss	(589)	(234)
Liabilities written back	(354)	(336)
Net foreign exchange losses	72	197
Operating cash flows before movements in working capital	9,565	6,187
Trade receivables	(572)	3,781
Other receivables and prepayments	448	7
Inventories	(3,024)	(3,202)
Trade payables	2,151	(2,296)
Other payables	983	(234)
Cash generated from operations	9,551	4,243
Income tax paid	(754)	(1,020)
Interest received	9	10
Net cash from operating activities	8,806	3,233
Investing activities		
Disposal of subsidiaries	(3)	(136)
Proceeds from disposal of plant and equipment	63	140
Acquisition of non-controlling interest in a subsidiary	(350)	-
Purchase of plant and equipment	(1,478)	(1,239)
Net cash used in investing activities	(1,768)	(1,235)
Financing activities		
Interest paid	(404)	(772)
Proceeds from issuance of ordinary shares, net	7,942	-
Repayment of convertible bonds	(5,300)	(2,200)
Repayment of obligations under finance leases	(32)	-
Cash pledged	224	(509)
Dividends paid to non-controlling interest	(37)	-
Proceeds from issuance of convertible loan notes, net	-	4,500
Net cash from financing activities	2,393	1,019
Net increase in cash and cash equivalents	9,431	3,017
Cash and cash equivalents at beginning of year	3,347	330
Cash and cash equivalents at end of financial year (Note A)	12,778	3,347

Consolidated Statement of Cash Flows

Year ended December 31, 2011

A. Cash and cash equivalents at end of financial year:

	2011	2010
	$'000	$'000
Cash and bank balances (Note 6)	14,778	14,249
Bank overdrafts (Note 16)	-	(8,678)
Less: Cash pledged (Note 6)	(2,000)	(2,224)
Cash and cash equivalents	12,778	3,347

B. Purchase of plant and equipment:

During the financial year, the Group acquired plant and equipment with an aggregate cost of $2,136,000 (2010: $1,239,000) of which $658,000 (2010: $Nil) was acquired under finance lease arrangements.

See accompanying notes to financial statements.

1 GENERAL

a) The Company (Registration No. 200009059G) is incorporated in the Republic of Singapore with its registered office and principal place of business at 53 Ubi Crescent, Singapore 408594. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollar.

b) The principal activities of the Company are that of investment holding and provision of after market services for mobile communication devices.

c) The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

d) The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2011 were authorised for issue by the Board of Directors on March 26, 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2011. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

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

- Amendments to FRS 1 Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income
- FRS 110 Consolidated Financial Statements
- FRS 113 Fair Value Measurement

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) 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. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. 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 investment 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 Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition–related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS 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 share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; 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 from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Group's 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 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 on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Loans and receivables

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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 amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

<u>Derecognition of financial assets</u>

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

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

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.

<u>Equity instruments</u>

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.

<u>Financial liabilities</u>

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

<u>Financial liabilities at fair value through profit or loss (FVTPL)</u>

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 4.

<u>Other financial liabilities</u>

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

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

<u>Derecognition of financial liabilities</u>

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

<u>Convertible loan notes</u>

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at fair value through profit or loss until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

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

The Group as lessor

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

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.

INVENTORIES – Inventories consist principally of spare parts, accessories and handphone sets that are stated at the lower of cost and net realisable value. Cost comprises direct materials. 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.

PLANT AND EQUIPMENT – Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Computers and computer system	-	20% to $33^1/_3$%
Other plant and equipment	-	10% to 20%
Motor vehicles	-	18% to $33^1/_3$%
Furniture, fittings and renovations	-	10% to $33^1/_3$%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

GOODWILL ON CONSOLIDATION AND OTHER GOODWILL ("GOODWILL") - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as 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 of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the 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.

Goodwill is not amortised but is reviewed for impairment at least annually. 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 its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) 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 reporting period, 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.

SHARE-BASED PAYMENTS - The Group issues equity-settled payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 25. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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 all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Rendering of services

Revenue from rendering of after-market services, including retrofit services and repair management services is recognised when the services are completed.

Revenue from rendering of distribution management services is recognised when the services are completed.

Other management fees are recognised when services are rendered.

Interest income

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

Dividend income

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

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central 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.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income 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 reporting period.

Deferred tax is recognised on 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 is 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 for taxable temporary differences arising on investments in subsidiaries and associates, 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 reporting period 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 reporting period.

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 outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

DISCONTINUED OPERATIONS – A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - 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, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the exchange rates prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. 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 in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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 reporting period. 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 recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, from part of the net investment in foreign entities), are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits and bank overdrafts that are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical Judgements in applying the entity's accounting policies

In the application of the Group's accounting policies, which are described in Note 2, management is of the opinion that any instances of application of judgements (other than those arising from estimates discussed below) are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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.

Impairment of other goodwill

In determining whether goodwill is impaired, an estimation of the value in use of the cash-generating units to which goodwill has been allocated is performed by management. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of other goodwill at the end of the reporting period was $2.35 million (2010 : $2.35 million).

Allowance for inventories

In determining the net realisable value of the inventories, an estimation of the net realizable value of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates took into consideration the historical trend in the usability of these inventories. However, if the actual use differs from these estimates, there may be a material impact on the financial statements of the Group. The carrying amount of inventories as at December 31, 2011 is disclosed in Note 9 to the financial statements.

Recoverability of other receivables

During the year, the management considered the recoverability of other receivables due from certain subsidiaries included in the statement of financial position of the Company as at December 31, 2011 and made a reversal of allowance for doubtful other receivables of $0.7 million (2010 : $3.3 million) (Note 8).

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of these investments. The value in use calculation requires the Company to estimate the future cash flows expected from these investments and a suitable discount rate in order to calculate present value. Management has evaluated the recoverability of these investments based on such estimates. The carrying amount of investments in subsidiaries is disclosed in Note 11 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and bank balances)	41,666	41,154	17,329	16,013
Financial liabilities				
Amortised cost	27,300	32,602	4,960	7,666
Fair value through profit or loss	-	5,939	-	5,939

(b) *Financial risk management policies and objectives*

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

(i) Foreign exchange risk management

The Group operates in Asia with dominant operations in Singapore. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions. This risk is managed through natural hedges as revenue denominated in foreign currency is partly matched with corresponding costs in the same foreign currency.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollar	(151)	(445)	67	144	(12)	(7)	88	63
Euro	(47)	(132)	-	78	-	(87)	-	78
Thai Baht	(6)	(6)	-	-	-	-	-	-
Australian Dollar	(28)	(10)	-	-	(19)	-	-	-

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(i) Foreign exchange risk management (cont'd)

No sensitivity analysis is prepared by the management as the management does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to movements in foreign currency exchange rates.

(ii) Interest rate risk management

Summary quantitative data of the Group's and Company's interest-bearing financial instruments can be found in Section (iv) of this Note. The Group's policy is to maintain cash equivalents and borrowings in fixed rate instruments. The Group sometimes borrows at variable rates.

No sensitivity analysis is prepared by the management as the management does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates.

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation taking account of the counterparty's payment profile and credit exposure.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Further details of credit risks on receivables are disclosed in Notes 7 and 8.

(iv) Liquidity risk management

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due. The Group's strategy to manage liquidity risk is to ensure that the Group has sufficient funds to meet its potential liabilities as they fall due. This strategy has not changed from prior periods.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and financial assets at the end of the reporting period based on contractual undiscounted payments.

Financial assets

	Average effective interest rate	On demand or within 1 year	1 to 5 years	Over 5 years	Adjustment *	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2011						
Non-interest bearing	-	39,666	-	-	-	39,666
Fixed interest rate instruments	0.65	2,007	-	-	(7)	2,000
		41,673	-	-	(7)	41,666
2010						
Non-interest bearing	-	38,930	-	-	-	38,930
Fixed interest rate instruments	0.4	2,233	-	-	(9)	2,224
		41,163	-	-	(9)	41,154
Company						
2011						
Non-interest bearing	-	17,329	-	-	-	17,329
2010						
Non-interest bearing	-	16,013	-	-	-	16,013

* The adjustment column represents the possible future cash flows attributable to the instalment included in the maturity analysis which is not included in the carrying amount of the financial asset in the statement of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Financial liabilities

	Average effective interest rate	On demand or within 1 year	1 to 5 years	Over 5 years	Adjustment *	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2011						
Trade and other payables	-	26,674	-	-	-	26,674
Finance lease (fixed rate)	2.73	112	448	177	(111)	626
		26,786	448	177	(111)	27,300
2010						
Trade and other payables	-	23,924	-	-	-	23,924
Variable interest rate instrument	5.96 to 6.04	9,197	-	-	(519)	8,678
Convertible loan notes	1.5 to 3.75	5,350	-	-	589	5,939
		38,471	-	-	70	38,541
Company						
2011						
Trade and other payables	-	4,468	-	-	-	4,468
Finance lease (fixed rate)	2.73	88	352	139	(87)	492
		4,556	352	139	(87)	4,960
2010						
Trade and other payables	-	5,629	-	-	-	5,629
Variable interest rate instruments	6.04	2,161	-	-	(124)	2,037
Convertible loan notes	1.5 to 3.75	5,350	-	-	589	5,939
		13,140	-	-	465	13,605

* The adjustment column represents the possible future cash flows attributable to the instalment included in the maturity analysis which is not included in the carrying amount of the financial liability in the statement of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively 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 financial statements.

Except for convertible loan notes which are recorded as FVTPL as disclosed in Note 17, the management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Further details of convertible loan notes measured at fair value based on level 3 are disclosed in Note 17.

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses.

The Group's management reviews the capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues or the redemption of existing debt. The Group's overall strategy remains unchanged from 2010.

5 RELATED PARTY TRANSACTIONS

Some of the Group'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 with related parties are unsecured, interest-free and repayable on demand.

During the year, group entities entered into the following trading transactions with related parties:

	Group	
	2011	2010
	$'000	$'000
Nature of transactions		
Director:		
Acquisition of additional 7.69% interest in a subsidiary	1,660	-
Transactions with companies owned by common directors:		
Expenses paid on behalf of the Group	103	115
Rental expenses	439	501

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2011	2010
	$'000	$'000
Short-term benefits	1,510	1,206
Post-employment benefits	40	32
Share-based payments	52	14
	1,602	1,252

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash and bank balances	12,778	12,025	1,923	2,975
Fixed deposits	2,000	2,224	-	-
	14,778	14,249	1,923	2,975
Shown as:				
Cash and bank balances	12,778	12,025	1,923	2,975
Cash pledged	2,000	2,224	-	-
	14,778	14,249	1,923	2,975

Fixed deposits bear average effective interest rate of 0.65% (2010 : 0.40%) per annum and for a tenure of approximately 365 days. Fixed deposits are pledged in relation to a banker's guarantee amounting to $2,000,000 (2010 : $3,000,000) (Note 36).

The Group and Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
United States Dollar	52	36	42	24

7 TRADE RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Outside parties	14,317	16,343	2,619	820
Accrued income	10,004	7,527	-	-
Subsidiaries (Note 11)	-	-	13	507
	24,321	23,870	2,632	1,327
Less: Allowances for doubtful trade receivables				
- subsidiaries	-	-	(13)	(507)
- outside parties	(408)	(610)	-	-
	(408)	(610)	(13)	(507)
	23,913	23,260	2,619	820

The average credit period on sales is 30 days (2010 : 30 days). Allowance for doubtful debts are recognised against receivables over 90 days based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

The Company's trade receivables due from subsidiaries are interest-free and repayable on demand. The Company has made full provision on these receivables as they are not recoverable.

7 TRADE RECEIVABLES (cont'd)

The Group's customers mainly comprise of reputable and well established telecom operators and equipment principals. Before accepting any new customer, the Group will assess the potential customer's credit quality. Limits are monitored periodically by management. At the end of the reporting period, approximately 63% (2010 : 59%) of the Group's trade receivables were due from 3 customers that have good credit record with the Group.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The credit risk is limited.

Included in the Group's trade receivable balance are debtors with a carrying amount of $4,642,000 (2010 : $7,584,000) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Movement in allowances:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
At beginning of year	610	1,057	507	3,845
Currency translation difference	-	(5)	-	-
(Reversal) Charge to profit and loss (Note 29)	(85)	183	-	(845)
Disposal of subsidiaries	(18)	(371)	-	-
Written off during the year	(99)	(254)	(494)	(2,493)
At end of year	408	610	13	507

The table below is an analysis of trade receivables as at December 31:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Not past due and not impaired	20,454	15,676	2,219	567
Past due but not impaired (i)	3,459	7,584	400	253
	23,913	23,260	2,619	820
Impaired receivables – individually assessed (ii)	408	610	13	507
Less: Allowance for doubtful debts	(408)	(610)	(13)	(507)
Total trade receivables, net	23,913	23,260	2,619	820
(i) Aging of receivables that are past due but not impaired				
31 to 60 days	1,585	4,090	297	151
61 to 90 days	312	750	37	8
>91 days	1,562	2,744	66	94
Total	3,459	7,584	400	253

7 TRADE RECEIVABLES (cont'd)

(ii) These amounts are stated before any deduction for impairment losses and are not secured by any collateral or credit enhancements.

The Group and Company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
United States Dollar	15	108	-	39
Euro	-	78	-	78

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Accrued interest receivable	7	9	-	-
Deposits	1,959	1,636	203	72
Prepayments	256	123	102	25
Outside parties	1,109	2,076	188	717
	3,331	3,844	493	814
Related parties (Note 5)	-	5	-	-
Subsidiaries (Note 11)	-	-	17,523	18,808
	3,331	3,849	18,016	19,622
Less: Allowances for doubtful other receivables				
- subsidiaries	-	-	(5,078)	(7,379)
- others	(100)	(81)	(49)	-
	(100)	(81)	(5,127)	(7,379)
	3,231	3,768	12,889	12,243

8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

Movement in allowance:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
At beginning of year	81	5,787	7,379	53,385
Currency translation difference	-	(7)	-	-
Charge (Reversal) to profit or loss (Note 29)	32	476	(740)	(3,348)
Disposal of subsidiaries	(7)	(456)	-	-
Written off during the year	(6)	(5,719)	(1,512)	(42,658)
At end of year	100	81	5,127	7,379

The Group and Company have made allowances for amounts where the management is of the view that these amounts are not recoverable.

The Group and Company's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
United States Dollar	-	-	46	-

9 INVENTORIES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Spare parts, handsets, accessories and pre-paid cards, carried at net realisable value after the following allowances	15,553	13,124	696	375

Movement in allowances:

	Group		Company	
	2011	2010	2011	2010
At beginning of year	608	1,101	66	10
Charge to profit or loss (Note 29)	566	1,022	115	56
Written off during the year	(169)	(1,515)	(79)	-
At end of year	1,005	608	102	66

10 INVESTMENT IN ASSOCIATE

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	-	6,680	-	6,680
Impairment loss	-	(6,680)	-	(6,680)
Net	-	-	-	-

Details of the associate are as follows:

Associate	Cost of investment		Proportion of ownership interest and voting power held		Principal activities/ Country of incorporation and operations
	2011	2010	2011	2010	
	$'000	$'000	%	%	
Held by the Company:					
Tri-max Pte Ltd [(1)]	-	6,680	-	50	Investment holding/ Singapore

Notes:

(1) This associate had been deregistered during the year.

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2011	2010
	$'000	$'000
Unquoted equity shares, at cost	24,761	20,669
Impairment loss	(10,325)	(10,733)
	14,436	9,936

Movement in impairment loss:

	Company 2011	Company 2010
At beginning of year	10,733	28,360
Written off during the year	(408)	(17,627)
At end of year	10,325	10,733

The Company had previously carried out a review of the recoverable amounts of its investment in subsidiaries where there is indication that the investments have suffered an impairment loss. The review led to the recognition of an impairment loss mainly determined from value in use calculations. The management is of the view that no provision for impairment loss is required for current year. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

11 INVESTMENT IN SUBSIDIARIES (cont'd)

The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on an estimated growth rate of 2% (2010 : 2%).

The pre-tax discount rate of 6.75% (2010 : 7.8%) per annum has been applied to the cash flow forecasts.

As at December 31, 2011, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the investment in subsidiaries.

The Company has written off impairment loss amounting to $408,000 (2010 : $17,627,000) pursuant to the disposal and de-registration of active companies and dormant subsidiaries.

The principal activities of the subsidiaries are the provision of distribution management solutions for mobile communication devices and high-tech consumer products, investment holding and retailing of consumer electronic products.

During the year, the Company acquired:

a) an aggregate of 83,333,320 ordinary shares in its majority-owned subsidiary, Distribution Management Solutions Pte. Ltd. ("DMS"), representing approximately 19.23% of the total issued share capital of DMS, from the non-controlling shareholders of DMS. The aggregate consideration for the acquisition, which was arrived on an arm's length basis and on a willing buyer and willing seller basis, was $4,149,999 and was satisfied by the issuance of an aggregate 786,601,111 new ordinary shares (Note 23) of the Company.

   The difference between the sales consideration of $4,149,999 and the carrying amount of the additional net assets acquired of $3,239,000 amounting to $911,000 (Note 24) has been debited against the capital reserve account as the additional equity interest acquired by the Company for an existing subsidiary did not involve a change in control.

b) an aggregate of 8,333,340 ordinary shares representing approximately 1.92% of the total issued share capital of DMS from a non-controlling shareholder of DMS. The aggregate consideration for the acquisition, which was arrived on an arm's length basis and on a willing buyer and willing seller basis was $350,000 and was satisfied by cash.

   The difference between the sales consideration of $350,000 and the carrying amount of the additional net assets acquired of $380,000 amounting to $30,000 (Note 24) has been credited against the capital reserve account as the additional equity interest acquired by the Company for an existing subsidiary did not involve a change in control.

   The Company's interest in DMS after the acquisition is 97.53%.

11 INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Subsidiaries	Cost of investment		Proportion of ownership interest and voting power held		Country of incorporation and operations
	2011	2010	2011	2010	
	$'000	$'000	%	%	
mDRL (M) Sdn. Bhd. (6)	340	340	100	100	Malaysia
Accord Customer Care Solutions Philippines, Inc. (6)	125	125	100	100	Philippines
Accord Customer Care Solutions International Ltd. (4)	-	(a)	-	100	British Virgin Islands
Accord Customer Care Solutions (Aust) Pty Ltd (3)	-	-	100	100	Australia
After Market Solutions (CE) Pte Ltd (4)	-	(a)	-	100	Singapore
Distribution Management Solutions Pte. Ltd. (1)	17,074	12,574	98	76	Singapore
mDR (S) Pte Ltd (6)	6,394	6,394	100	100	Singapore
A Mobile (M) Sdn. Bhd.(2)(7)	828	828	100	100	Malaysia
Playwork Solutions Pte Ltd (4)	-	408	-	51	Singapore
Environment Management Technology Pte Ltd (5)	-	-	-	100	Singapore
	24,761	20,669			

11 INVESTMENT IN SUBSIDIARIES (cont'd)

	Proportion of ownership interest and voting power held		Country of incorporation and operations
	2011	2010	
	%	%	
Subsidiary of After Market Solutions (CE) Pte Ltd			
After Market Solutions (CE) Sdn. Bhd. (4)	-	100	Malaysia
Subsidiaries of Distribution Management Solutions Pte Ltd			
SDS Pte. Ltd. (1)	98	76	Singapore
A-Mobile Pte. Ltd. (1)	98	76	Singapore
iDistribution Pte. Ltd. (1)	98	76	Singapore
3 Mobile Telecom Pte. Ltd (1)	98	76	Singapore
Pacific Cellular International Limited (4)	-	68	British Virgin Islands
Handphoneshop Pte. Ltd (1)	98	76	Singapore
NBRC Pte. Ltd. (1)	98	76	Singapore
World of Gadgets Pte. Ltd. (1) (8)	98	-	Singapore
Subsidiaries of Accord Customer Care Solutions (Aust) Pty Ltd			
Accord Customer Care Solutions (Network) Pty Ltd (5)	-	100	Australia
Accord Customer Care Solutions (NSW) Pty Ltd (3)	100	100	Australia
mDR (New Zealand) Ltd (3)	100	100	New Zealand

Notes on cost

(a) Less than $1,000.

Auditors of subsidiaries for 2011:

(1) Deloitte & Touche LLP, Singapore.
(2) Adrian Yeo & Co, Malaysia.
(3) These subsidiaries are in the process of liquidation.
(4) These subsidiaries have been deregistered/disposed during the year.
(5) These subsidiaries have been liquidated and deregistered during the year.
(6) No audited accounts are prepared as these companies were dormant during the year. Management accounts have been used for consolidation purposes.
(7) Deloitte & Touche LLP, Singapore for consolidation purposes.
(8) This subsidiary is incorporated during the year.

12 PLANT AND EQUIPMENT

	Computers and computer system	Other plant and equipment	Motor vehicles	Furniture, fittings and renovations	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Cost:					
At January 1, 2010	4,069	3,395	343	3,280	11,087
Exchange differences	(3)	(32)	(4)	(26)	(65)
Additions	105	49	203	882	1,239
Disposal of business/subsidiaries	-	(885)	(87)	(291)	(1,263)
Reclassifications	1	-	-	(1)	-
Disposals	(972)	(2,050)	(182)	(873)	(4,077)
At December 31, 2010	3,200	477	273	2,971	6,921
Exchange differences	-	-	-	(2)	(2)
Additions	131	110	751	1,144	2,136
Disposals	(138)	(40)	-	(504)	(682)
At December 31, 2011	3,193	547	1,024	3,609	8,373
Accumulated depreciation:					
At January 1, 2010	3,764	2,076	200	2,076	8,116
Exchange differences	(3)	(39)	(5)	(27)	(74)
Depreciation	160	67	48	544	819
Disposal of business/subsidiaries	-	(884)	(87)	(259)	(1,230)
Disposals	(906)	(1,047)	(125)	(767)	(2,845)
At December 31, 2010	3,015	173	31	1,567	4,786
Exchange differences	-	-	-	(1)	(1)
Depreciation	119	49	112	737	1,017
Disposals	(132)	(21)	-	(386)	(539)
At December 31, 2011	3,002	201	143	1,917	5,263
Impairment:					
At January 1, 2010	22	854	-	55	931
Exchange differences	-	4	-	1	5
Impairment loss	-	62	-	-	62
Disposals	(22)	(919)	-	(23)	(964)
At December 31, 2010	-	1	-	33	34
Impairment loss	-	(1)	-	(33)	(34)
At December 31, 2011	-	-	-	-	-
Carrying amount:					
At December 31, 2011	191	346	881	1,692	3,110
At December 31, 2010	185	303	242	1,371	2,101

The carrying amount of the Group's plant and equipment includes an amount of $658,000 (2010 : $Nil) secured in respect of assets held under finance leases.

12 PLANT AND EQUIPMENT (cont'd)

	Computers and computer system	Other plant and equipment	Motor vehicles	Furniture, fittings and renovations	Total
	$'000	$'000	$'000	$'000	$'000
Company					
Cost:					
At January 1, 2010	1,946	57	-	33	2,036
Additions	2	2	-	17	21
Disposals	(41)	(4)	-	-	(45)
At December 31, 2010	1,907	55	-	50	2,012
Additions	25	20	590	49	684
Disposals	(27)	(15)	-	(28)	(70)
At December 31, 2011	1,905	60	590	71	2,626
Accumulated depreciation:					
At January 1, 2010	1,883	21	-	18	1,922
Depreciation	43	8	-	13	64
Disposals	(40)	(2)	-	-	(42)
At December 31, 2010	1,886	27	-	31	1,944
Depreciation	18	10	42	16	86
Disposals	(25)	(10)	-	(23)	(58)
At December 31, 2011	1,879	27	42	24	1,972
Carrying amount:					
At December 31, 2011	26	33	548	47	654
At December 31, 2010	21	28	-	19	68

The carrying amount of the Company's plant and equipment includes an amount of $590,000 (2010 : $Nil) secured in respect of assets held under finance leases.

13 OTHER INVESTMENTS

	Group	
	2011	2010
	$'000	$'000
At cost:		
Unquoted equity shares	750	758
Impairment loss	(750)	(758)
	-	-

There is no quoted market price for unquoted investments and accordingly a reasonable estimate of its fair value could not be made. However, the Group does not anticipate that the carrying amount recorded at the reporting date would be significantly different from the value that would eventually be received or settled.

14 LONG-TERM LOAN RECEIVABLES

	Company	
	2011	2010
	$'000	$'000
Due from subsidiaries (Note 11)	2,984	2,983
Less: Allowance for doubtful loan receivables	(2,984)	(2,983)
	-	-

The above long-term loan receivables are an extension of the Company's net investment in the subsidiaries. These are unsecured, interest free and are not expected to be repaid within one year.

15 OTHER GOODWILL

	Group	
	2011	2010
	$'000	$'000
Cost:		
At beginning of year	8,672	9,135
Written off during the year	-	(463)
At end of year	8,672	8,672
Impairment:		
At beginning of year	6,322	6,785
Written off during the year	-	(463)
At end of year	6,322	6,322
Carrying amount:		
At end of year	2,350	2,350
At beginning of year	2,350	2,350

The above relates to goodwill on purchase of distribution management solutions businesses and related assets.

The Group tests other goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on an estimated growth rate of 2% (2010 : 2%). The rate used to discount the cash flow forecasts is 6.75% (2010 : 7.8%) per annum.

15 OTHER GOODWILL (cont'd)

As at December 31, 2011, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of other goodwill.

For the year ended December 31, 2011 and 2010, no impairment loss was recognised.

16 BANK OVERDRAFTS

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Bank overdrafts	-	8,678	-	2,037

a) In 2010, the average effective interest rates paid for bank overdrafts (unsecured) were 5.96% to 6.04% per annum. The bank overdrafts had been fully repaid in September 2011.

b) The Group and Company's bank overdrafts were denominated in the functional currencies of the respective entities.

17 CONVERTIBLE LOAN NOTES

The Company has issued the following convertible notes/bonds:

a) On January 30, 2008, the Company received approval from shareholders for the issue of an aggregate amount of 1.5% equity linked redeemable non-recallable structured convertible notes ("Notes") that are due in 2011 amounting to $32,000,000. As at December 31, 2010, the Company has issued a total of $12,000,000 convertible notes and the holder of the convertible notes has converted $11,950,000 into equity shares of the Company and the balance of $50,000 had been disclosed as current liability which is convertible into equity shares or due for redemption on demand at the option of the holder.

   On February 17, 2011, the Notes had expired with outstanding notes of $50,000 fully converted into equity shares.

b) On February 25, 2008, the Group entered into a three-year debt restructuring agreement with three lenders for a conversion debt of $12,000,000. Under the agreement, a conversion debt of $12,000,000 shall be repaid and discharged by way of conversion into 3.75% Class A convertible bonds due in 2010.

   On March 31, 2011, the Company had fully repaid the outstanding convertible bonds.

These notes/bonds contain embedded conversion features and the Company has designated the combined contract at fair value through profit or loss.

In conjunction with the above events, the carrying amounts of the fair value adjustment of these convertible notes/bonds were derecognised and credited to the statement of comprehensive income in 2011.

17 CONVERTIBLE LOAN NOTES (cont'd)

In 2010, the fair value and the change in that fair value that could be ascribed to changes in underlying credit risk are set out below:

	Convertible notes	Convertible bonds	Total
	$'000	$'000	$'000
2010			
Fair value	50	5,889	5,939
Difference between carrying amount and amount contractually required to be paid at maturity	-	(589)	(589)
Amount payable at maturity	50	5,300	5,350
Change in fair value not attributable to changes in market conditions	-	26	26

The Group estimated the fair value of the notes/bonds using valuation techniques which included assumptions that were supportable by unobservable market data. The credit spread for the valuation was assumed constant at 4.45% and the volatility was at 100% throughout the valuation period.

The Group estimated changes in fair value due to credit risk, by estimating the amount of change in the fair value that was not due to changes in market conditions that gave rise to market risk.

Convertible loan notes measured at fair value based on level 3:

	2011	2010
	$'000	$'000
Opening balance	5,939	8,863
Total gain in profit or loss	(589)	(234)
Issued during the year	-	4,500
Repayment of bonds	(5,300)	(2,200)
Conversion to equity	(50)	(4,990)
Ending balance	-	5,939

18 TRADE PAYABLES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Outside parties	14,954	12,976	1,812	537

Trade payables principally comprise amounts outstanding for trade purchases.

The average credit period on purchase of goods is 30 days (2010 : 30 days). The Group and the Company have financial risk management policies in place to ensure that all payables are within the credit timeframe.

18 TRADE PAYABLES (cont'd)

The Group and Company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
United States Dollar	143	234	12	7
Euro	44	130	-	87
Australian Dollar	9	10	-	-

19 OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Accrued expenses	11,710	10,939	2,049	2,311
Subsidiaries (Note 11)	-	-	607	2,781
Related parties (Note 5)	10	9	-	-
	11,720	10,948	2,656	5,092

Amount payable to subsidiaries and related parties are unsecured short-term, interest-free and repayable on demand.

The Group and Company's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
United States Dollar	8	211	-	-
Euro	3	2	-	-
Australian Dollar	19	-	19	-
Thai Baht	6	6	-	-

20 FINANCE LEASES

	Group			
	Mimimum Lease payments		Present value of minimum lease payments	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	112	-	81	-
In the second to fifth years inclusive	448	-	375	-
After fifth year	177	-	170	-
	737	-	626	-
Less: future finance charges	(111)	-	N/A	N/A
Present value of lease obligations	626	-	626	-
Less: Amount due for settlement within 12 months (shown under current liabilities)			(81)	-
Amount due for settlement after 12 months			545	-

	Company			
	Mimimum Lease payments		Present value of minimum lease payments	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	88	-	64	-
In the second to fifth years inclusive	352	-	295	-
After fifth year	139	-	133	-
	579	-	492	-
Less: future finance charges	(87)	-	N/A	N/A
Present value of lease obligations	492	-	492	-
Less: Amount due for settlement within 12 months (shown under current liabilities)			(64)	-
Amount due for settlement after 12 months			428	-

The average lease term is 7 years. For the year ended December 31, 2011, the average effective borrowing rate was 2.73% per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Singapore dollars.

The fair value of the Group's lease obligations approximates their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

21 DEFERRED TAX LIABILITIES

	Group	
	2011	2010
	$'000	$'000
At beginning of year	274	237
Charge to profit or loss (Note 31)		
Current year	33	118
Overprovision in respect of prior years	(153)	-
Disposal of subsidiaries	-	(79)
Exchange differences	-	(2)
At end of year	154	274

The balance comprises mainly the tax effect of the excess of tax depreciation over book depreciation of plant and equipment.

22 DEFINED CONTRIBUTION PLANS

The employees of the Company and its subsidiaries that are located in Singapore and Malaysia are members of the state-managed retirement benefit plan as operated by the respective Governments of those countries. The Company and the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group and the Company with respect to the retirement benefit plan is to make the specific contributions.

The total expense recognised in profit or loss of $1,182,000 (2010 : $1,084,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2011, the outstanding contributions to the plans were $544,000 (2010 : $444,000).

23 SHARE CAPITAL

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	3,737,505,521	2,626,394,414	109,456	104,466
Convertible loan notes – Fair value gain	-	-	-	(10)
Issue of shares upon conversion of convertible loan notes (Note 17)	11,111,111	1,111,111,107	50	5,000
Issue of shares upon share options exercised (Note 25)	3,950,000	-	29	-
Issue of shares for settlement of advisory fees	102,000,000	-	510	-
Effect of acquiring part of non-controlling interest in a subsidiary (Note 11)	786,601,111	-	4,150	-
Issue of placement shares:				
Directors	52,500,000	-	263	-
Key management personnel	7,500,000	-	37	-
Employee	37,500,000	-	188	-
Expenses in relation to issuance of placement shares	-	-	(13)	-
Issue of shares pursuant to right cum warrants issue	1,579,555,914	-	7,898	-
Expense in relation to issuance of right shares	-	-	(451)	-
At end of year	6,318,223,657	3,737,505,521	122,117	109,456

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

Pursuant to the Offer Information Statement dated September 1, 2011, the Company issued rights shares with 4 free detachable warrants for every 1 rights share on the basis of 1 rights share for every 3 existing ordinary shares in the Company held by shareholders.

Each warrant carries the right to subscribe for one new share in the capital of the Company at an exercise price of $0.005 for each new share on the basis of one rights share with four warrants for every three existing shares in the capital of the Company.

A total of 1,579,555,914 rights shares and 6,318,223,656 warrants were issued and were listed and quoted on the Singapore Exchange Securities Trading Limited on September 27, 2011 and September 28, 2011 respectively.

23 SHARE CAPITAL (cont'd)

As at December 31, 2011, a total of 6,318,223,656 warrants were outstanding.

At the end of the financial year, pursuant to the Company's mDR Share Option Scheme 2003 as disclosed in paragraph 6 of the Report of the Directors, there were 77,366,274 (2010 : 28,257,274) unissued ordinary shares of the Company under option.

24 CAPITAL RESERVE

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Redemption of convertible redeemable preference shares	22	22	22	22
Effect of acquiring part of non-controlling interest in a subsidiary (Note 11)	(881)	-	-	-
	(859)	22	22	22

25 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the market price ("Market Price Options"). The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20%. The vesting period is 1 year for market price options and 2 years for options issued at a discount. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options holders may exercise any unexercised options within 1 month from the last date of employment after which, options are forfeited.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2011		2010	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	28,257,274	0.163	31,218,126	0.203
Granted during the year	54,259,000	0.005	9,280,000	0.005
Exercised during the year	(3,950,000)	0.005	-	-
Expired/Forfeited during the year	(1,200,000)	0.030	(12,240,852)	0.145
Outstanding at the end of the year	77,366,274	0.062	28,257,274	0.163
Exercisable at the end of the year	17,777,274	0.254	18,977,274	0.240

The weighted average share price at the date of exercise for share options exercised during the year was $0.005. The options outstanding at the end of the year have a weighted average remaining contractual life of 7 years (2010 : 5 years).

25 SHARE-BASED PAYMENTS (cont'd)

Equity-settled share option scheme (cont'd)

In 2011, options were granted on March 9, 2011. The estimated fair values of the options granted on that date were $0.0019, $0.0026 and $0.0031 (2010 : $0.0023, $0.0031 and $0.0036) respectively.

These fair values of the share options granted during the year were calculated using the Black-Scholes pricing model.

The inputs into the model were as follows:

	Group	
	2011	2010
Weighted average share price	$0.005	$0.005
Weighted average exercise price	$0.005	$0.005
Expected volatility	98%	123%
Expected life	1 to 3 years	1 to 3 years
Risk free rate	2.25% to 3.63%	2.25% to 3.63%
Expected dividend yield	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company recognised a total expenses of $95,000 (2010 : $14,000)) related to equity-settled share-based payment transactions and reversed $24,000 (2010 : $322,000) from share options reserve for share options forfeited during the year.

26 REVENUE

	Group	
	2011	2010
	$'000	$'000
After-market services income	20,022	17,945
Distribution management solutions income		
Sale of goods	282,642	245,115
Incentive income	54,496	51,889
	337,138	297,004
Revenue from continuing operations	357,160	314,949
After-market services income from discontinued operations	-	969
	357,160	315,918

Revenue from provision of after-market services comprises retrofit services and repair management services, and sales of parts and accessories.

Revenue from provision of distribution management solutions comprises the sale of mobile communication products and the provision of distribution management solutions for mobile communication products.

27 COST OF SALES

Cost of sales represents cost of inventory recognised as an expense.

28 OTHER OPERATING INCOME

	Group					
	Continuing		Discontinued		Total	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Rental income	1,536	617	-	36	1,536	653
Interest income on bank deposits	9	9	-	1	9	10
Liabilities written back	354	57	-	279	354	336
Bad debt recovered – non-trade	7	152	-	-	7	152
Others	8	56	-	11	8	67
	1,914	891	-	327	1,914	1,218

29 OTHER OPERATING EXPENSES

	Group					
	Continuing		Discontinued		Total	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Minimum lease payments under operating leases	7,441	5,998	-	133	7,441	6,131
Loss on disposal of plant and equipment	13	8	-	6	13	14
Plant and equipment written off	67	13	-	101	67	114
Impairment (Reversal of) on plant and equipment	-	62	(34)	-	(34)	62
Allowance for inventories (Note 9)	566	830	-	192	566	1,022
Inventories written off	29	-	-	-	29	-
(Reversal of) Allowance for doubtful trade receivables (Note 7)	(13)	(32)	(72)	215	(85)	183
Allowance for (Reversal of) doubtful other receivables (Note 8)	49	38	(17)	438	32	476
Bad debts written off – trade	4	7	-	-	4	7
Bad debts written off – non-trade	15	11	-	1	15	12
Depreciation expense (Note 12)	1,017	794	-	25	1,017	819
Foreign currency exchange losses (gains)	58	(63)	16	492	74	429
	9,246	7,666	(107)	1,603	9,139	9,269

30 FINANCE COSTS

	Group					
	Continuing		Discontinued		Total	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Interest on bank loans and overdrafts	390	762	-	10	390	772
Interest on obligations under finance leases	14	-	-	-	14	-
	404	762	-	10	404	772

31 INCOME TAX EXPENSE

	Group					
	Continuing		Discontinued		Total	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax	1,088	900	-	(2)	1,088	898
Deferred tax (Note 21)	33	109	-	9	33	118
	1,121	1,009	-	7	1,121	1,016
(Over) Underprovision in respect of prior years						
- current tax	(617)	282	-	-	(617)	282
- deferred tax in prior years (Note 21)	(153)	-	-	-	(153)	-
Tax expense	351	1,291	-	7	351	1,298

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

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2011	2010
	$'000	$'000
Profit before tax:		
Continuing operations	7,708	4,816
Discontinued operations	276	2,724
	7,984	7,540

31 INCOME TAX EXPENSE (cont'd)

Numerical reconciliation of income tax expense

	Group	
	2011	2010
	$'000	$'000
Income tax expense calculated at 17% (2010 : 17%)	1,357	1,282
Non-deductible items	80	431
Non-taxable items	(177)	(936)
Effect of unused tax losses not recognised as deferred tax assets	(23)	(105)
Effect of different tax rate of subsidiaries operating in other jurisdictions	8	483
Tax exempt income	(137)	(139)
Others	13	-
	1,121	1,016
(Over) Underprovision in prior years - current tax	(617)	282
Overprovision in prior years – deferred tax	(153)	-
Net	351	1,298

Subject to agreement with the relevant tax authorities, the Group has unabsorbed tax losses of $15,115,000 (2010 : $21,664,000) available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of $ 2,569,000 (2010 : $3,683,000) have not been recognised in the financial statements due to unpredictability of future profit stream.

32 DISCONTINUED OPERATIONS

As part of the Group's streamlining exercise to dispose and de-register dormant subsidiaries with no foreseeable future business activities, the following dormant subsidiaries were disposed during the year:

2011

a) Accord Customer Care Solutions International Limited was de-registered.

b) After Market Solutions (CE) Pte. Ltd. and its wholly-owned subsidiary After Market Solutions (CE) Sdn. Bhd. were de-registered and disposed respectively.

c) Playwork Solutions Pte. Ltd. was de-registered.

d) Pacific Cellular International Limited, a majority-owned dormant subsidiary held through Distribution Management Solutions Pte. Ltd. was de-registered.

2010

a) ACCS PRC Limited, a wholly-owned subsidiary held through Accord Customer Care Solution (Asia) Limited was deregistered.

b) mDR (New Zealand) Ltd, a wholly-owned subsidiary was placed under liquidation.

c) Accord Customer Care Solution (Asia) Limited, Accord Customer Care Solutions (Suzhou) Co Ltd and Accord CCS (Thailand) Co. Ltd, the wholly-owned subsidiaries and Pacific Cellular (Thailand) Limited, a majority-owned subsidiary, were sold to unrelated parties at S$1 each.

32 DISCONTINUED OPERATIONS (cont'd)

d) mDR Services (India) Private Limited and Accord Customer Care Solutions (India) Private Limited, both the wholly owned subsidiaries were sold to unrelated parties at Indian Rp1 each.

e) PT Accord Express Customer Care Solutions, a wholly-owned subsidiary, and PT Accord Customer Care Solutions, a majority-owned subsidiary, were deregistered.

The comparative income statement is re-represented as if the operations had been discontinued from the start of the comparative year.

The results of the discontinued operations and the re-measurement of the disposal entities are as follows:

	Group	
	2011	2010
	$'000	$'000
Revenue	-	969
Cost of sales	-	(728)
Gross profit	-	241
Other operating income	-	327
Administrative expenses	(3)	(696)
Other operating expenses [1]	107	(1,603)
Finance costs	-	(10)
Profit (Loss) before tax	104	(1,741)
Income tax expense	-	(7)
Profit (Loss) for the year	104	(1,748)
Gain arising from de-consolidation of disposed subsidiaries	172	4,465
Profit for the year attributable to owners of the Company	276	2,717

[1] Included in other operating expenses is a loss of $16,000 (2010 : loss of $492,000) representing exchange differences (Note 29).

32 DISCONTINUED OPERATIONS (cont'd)

Details of the disposal are as follows:

	2011	2010
	$'000	$'000
Book values of net assets over which control was lost		
Non-current asset		
Plant and equipment	-	33
Current assets		
Cash and bank balances	3	136
Trade and other receivables	16	355
Inventories	-	20
Total current assets	19	511
Non-current liabilities		
Deferred tax liabilities	-	(79)
Current liabilities		
Trade and other payables	(30)	(1,755)
Net liabilities derecognised	(11)	(1,290)
Total consideration, satisfied by cash	-	-
Gain on disposal:		
Consideration received	-	-
Net liabilities derecognised	11	1,290
Non-controlling interest derecognised	153	139
Reclassification of currency translation reserve	8	3,036
Gain on disposal	172	4,465

During the year, discontinued operations contributed a surplus of $168,000 (2010 : a deficit of $910,000) to the Group's net operating cash flows and paid $3,000 (2010 : $Nil) in respect of investing activities and had no transactions (2010 :deficit of $10,000) in financing activities.

33 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group					
	Continuing		Discontinued		Total	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation and amortisation:						
Depreciation of plant and equipment	1,017	794	-	25	1,017	819
Impairment (Reversal) on plant and equipment	-	62	(34)	-	(34)	62
Total depreciation and amortisation	1,017	856	(34)	25	983	881
Directors' remuneration:						
- the Company	697	578	-	-	697	578
- subsidiaries	-	16	-	-	-	16
Total directors' remuneration	697	594	-	-	697	594
Directors' fees	237	192	-	-	237	192
Employee benefits expense (including directors' remuneration):						
Share-based payments equity settled	95	14	-	-	95	14
Defined contribution plans	1,182	1,072	-	12	1,182	1,084
Others	13,261	12,610	-	483	13,261	13,093
Total employee benefits expense	14,538	13,696	-	495	14,538	14,191
Audit fees paid to the auditors of the Company	215	270	-	-	215	270
Non-audit fees paid to the auditors of the Company	77	108	-	-	77	108

33 PROFIT FOR THE YEAR (cont'd)

	Group					
	Continuing		Discontinued		Total	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss on financial assets:						
(Reversal of) Allowance for doubtful trade receivables	(13)	(32)	(72)	215	(85)	183
Allowance for (Reversal of) doubtful other receivables	49	38	(17)	438	32	476
Total allowance for (reversal of) doubtful trade and other receivables	36	6	(89)	653	(53)	659
Net foreign exchange losses (gains)	58	(63)	16	492	74	429

34 DIVIDENDS

In respect of the current year, the directors propose that a dividend of $2.1 million be paid to shareholders on May 22, 2012. This dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on May 8, 2012.

As at the date that the Company made its Full Year Results Announcement on February 28, 2012, on the basis that no warrants are converted and no employee share options are exercised before May 8, 2012, the dividend per share will be 0.033 cents for the proposed dividend of $2.1 million. However, if all outstanding warrants of 6,300,423,656 and employee share options of 50,919,000 are converted and exercised respectively before May 8, 2012, the dividend per share will be reduced to approximately 0.016 cents per share for the proposed dividend of $2.1 million.

35 EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

Earnings

	Group	
	2011	2010
	$'000	$'000
Earnings for the purposes of basic earnings per share (Profit for the year attributable to owners of the Company)	6,994	4,963
Effect of dilutive potential ordinary shares: Interest on convertible loan notes (net of tax)	-	204
Earnings for the purposes of diluted earnings per share	6,994	5,167

Number of shares

	2011	2010
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,713,100,079	3,137,931,704
Effect of dilutive potential ordinary shares: Convertible loan notes	11,111,111	1,012,059,868
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,724,211,190	4,149,991,572

In 2011 and 2010, the share options are antidilutive and hence disregarded in the calculation of diluted earnings per share.

In 2011, the warrants are antidilutive and hence disregarded in the calculation of diluted earnings per share.

35 EARNINGS PER SHARE (cont'd)

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary owners of the Company is based on the following data:

Earnings figure are calculated as follows:

	Group	
	2011	2010
	$'000	$'000
Profit for the year attributable to owners of the Company	6,994	4,963
Less:		
Profit for the year from discontinued operations	276	2,717
Earnings for the purposes of basic earnings per share from continuing operations	6,718	2,246
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	-	204
Earnings for the purposes of diluted earnings per share from continuing operations	6,718	2,450

From discontinued operations

Basic earnings per share for the discontinued operations is 0.01 cents per share (2010 : 0.09 cents per share) and diluted earnings per share for the discontinued operations is 0.01 cents per share (2010 : 0.06 cents per share), based on the profit for the year from the discontinued operations of $276,000 (2010 : $2,717,000) and denominators detailed above for both basic and diluted earnings per share.

36 CONTINGENT LIABILITIES AND GUARANTEES (SECURED)

a) The Group has outstanding banker's guarantee amounting to $2,000,000 (2010 : $3,000,000) issued in favour of an equipment principal, entered in the normal course of business and under supply agreements. This is supported by a corporate guarantee from the Company and secured by fixed deposits of $2,000,000 (2010 : $2,224,000) (Note 6).

b) A subsidiary has issued a corporate guarantee amounting to $2,000,000 (2010 : $2,000,000) in favour of an equipment principal for a supply agreement entered into by a related company.

37 COMMITMENTS

	Group	
	2011	2010
	$'000	$'000
Commitments for the acquisition of plant and equipment	101	-

38 OPERATING LEASE ARRANGEMENTS

	Group	
	2011	2010
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense during the year	7,441	6,131

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2011	2010
	$'000	$'000
Within one year	6,503	6,741
In the second to fifth year inclusive	4,320	6,761
	10,823	13,502

Operating lease payments represent rentals payable by the Group for its office premises and service centres. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

39 SEGMENT INFORMATION

For management purposes, the Group is organised in two business segments, After-Market Services ("AMS") and Distribution Management Solutions ("DMS"). AMS provides retrofit services and repair management services for consumer electronic products and mobile telecommunication equipment whereas DMS is a distributor and retailer of mobile telecommunication equipment and mobile related services. The segments are the basis which the Group reports information to the Group's chief operating decision maker for the purposes of resource allocation and assessment of the segment information.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Group					
	Continuing				Discontinued	
	AMS	DMS	Unallocated	Total	AMS	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2011						
Segment revenue						
External	20,022	337,138	-	357,160	-	357,160
Inter-segment	-	-	-	-	-	-
	20,022	337,138	-	357,160	-	357,160
Segment result	(969)	6,673	-	5,704	120	5,824
Rental income	-	1,536	-	1,536	-	1,536
Gain from disposal of discontinued operations				-	172	172
Net foreign exchange loss				(58)	(16)	(74)
Loss on disposal of plant and equipment				(13)	-	(13)
Change in fair value of financial liabilities designated as fair value through profit or loss				589	-	589
Liabilities written back				354	-	354
Finance costs				(404)	-	(404)
Net profit for the year				7,708	276	7,984
Income tax expense				(351)	-	(351)
Net profit for the year				7,357	276	7,633
Segment assets	6,283	56,652	-	62,935	-	62,935
Segment liabilities	(4,512)	(22,788)	(1,497)	(28,797)	-	(28,797)
Other segment information						
Capital expenditure	664	1,472	-	2,136	-	2,136
Depreciation and amortisation	87	930	-	1,017	-	1,017
Reversal of impairment loss on plant and equipment	-	-	-	-	(34)	(34)

39 SEGMENT INFORMATION (cont'd)

Segment revenues and results (cont'd)

	Group					
	Continuing				Discontinued	
	AMS	DMS	Unallocated	Total	AMS	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2010						
Segment revenue						
External	17,945	297,004	-	314,949	969	315,918
Inter-segment	-	-	-	-	-	-
	17,945	297,004	-	314,949	969	315,918
Segment result	(2,888)	7,503	-	4,615	(1,548)	3,067
Rental income	-	617	-	617	36	653
Gain from disposal of discontinued operations				-	4,465	4,465
Net foreign exchange gain (loss)				63	(492)	(429)
Loss on disposal of plant and equipment				(8)	(6)	(14)
Change in fair value of financial liabilities designated as fair value through profit or loss				234	-	234
Liabilities written back				57	279	336
Finance costs				(762)	(10)	(772)
Net profit for the year				4,816	2,724	7,540
Income tax expense				(1,291)	(7)	(1,298)
Net profit for the year				3,525	2,717	6,242
Segment assets	5,879	52,880	-	58,759	93	58,852
Segment liabilities	(12,105)	(26,396)	(1,926)	(40,427)	(40)	(40,467)
Other segment information						
Capital expenditure	20	1,219	-	1,239	-	1,239
Depreciation and amortisation	92	702	-	794	25	819
Impairment loss on plant and equipment	62	-	-	62	-	62

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year 2011 and 2010.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

39 SEGMENT INFORMATION (cont'd)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments.

Geographical information

	Revenue from external customers	
	2011	2010
	$'000	$'000
Singapore	355,244	314,465
Malaysia	1,916	484
Continuing operations	357,160	314,949
Discontinued operations (Note 32)	-	969
	357,160	315,918

	Non-current assets	
	2011	2010
	$'000	$'000
Singapore	5,441	4,410
Malaysia	19	75
Continuing operations	5,460	4,485
Discontinued operations	-	(34)
	5,460	4,451

Information about major customers

Included in revenues arising from After-Market Services are revenues of $16,784,000 (2010 : $13,753,000) and $1,820,000 (2010 : $1,899,000) which arose from sales to the segment's two major customers.

Included in revenues arising from Distribution Management Solutions are revenues of $34,724,000 (2010 : $34,135,000) and $20,923,000 (2010 : $26,077,000) which arose from sales to the segment's two major customers.

Statistics of Shareholdings

as at 27 March 2012

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	199	1.96	65,899	0.00
1,000 - 10,000	1,872	18.45	12,338,729	0.19
10,001 - 1,000,000	7,489	73.82	1,211,513,189	18.56
1,000,001 AND ABOVE	585	5.77	5,304,034,169	81.25
TOTAL	10,145	100.00	6,527,951,986	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MAYBAN NOMINEES (SINGAPORE) PTE LTD	701,238,564	10.74
2	LIM CHIN TONG	506,385,185	7.76
3	ONG GHIM CHOON	433,986,666	6.65
4	TAN HOR THYE	171,092,337	2.62
5	CHONG SHIN LEONG	160,000,000	2.45
6	LIM LAI HIONG	124,296,296	1.90
7	DBS NOMINEES PTE LTD	114,151,137	1.75
8	YEO HWEE CHING ALICE	100,000,000	1.53
9	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	99,582,121	1.53
10	POH TIAN PENG	99,517,959	1.52
11	ENG HENG NEE PHILIP	92,952,330	1.42
12	HONG LEONG FINANCE NOMINEES PTE LTD	70,705,666	1.08
13	OCBC SECURITIES PRIVATE LTD	68,687,541	1.05
14	KORDAMENTHA PTE LTD	60,000,000	0.92
15	LAU YEE CHOO	60,000,000	0.92
16	RAFFLES NOMINEES (PTE) LTD	55,564,330	0.85
17	PHILLIP SECURITIES PTE LTD	50,273,997	0.77
18	CIMB SECURITIES (SINGAPORE) PTE LTD	45,648,249	0.70
19	TEO PHECK CHER	42,205,000	0.65
20	SAMUEL NG CHEE YONG (SAMUEL WU ZHIYONG)	40,000,000	0.61
	TOTAL	3,096,287,378	47.42

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as of 27 March 2012

Name	Direct Interest	%	Deemed Interest	%
Wong King Cheung Kevin	25,246,000	0.39	699,522,564[1]	10.72
Lim Chin Tong	506,385,185	7.76		
Ong Ghim Choon	433,986,666	6.65		

Note:

(1) Held through his nominee Mayban Nominees (S) Pte Ltd.

Percentage of Shareholdings in Public Hands

We confirmed that approximately 71.99% of the Company's entire share capital is in the hands of public shareholdings as at 27 March 2012. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Statistics of Warrantholdings

as at 27 March 2012

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 999	47	3.84	24,195	0.00
1,000 - 10,000	40	3.27	233,140	0.00
10,001 - 1,000,000	873	71.38	258,932,016	4.24
1,000,001 AND ABOVE	263	21.51	5,851,724,976	95.76
TOTAL	1,223	100.00	6,110,914,327	100.00

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	EDWARD LEE EWE MING	1,648,344,000	26.97
2	MAYBAN NOMINEES (SINGAPORE) PTE LTD	856,770,256	14.02
3	LIM CHIN TONG	491,552,184	8.04
4	ONG GHIM CHOON	433,986,664	7.10
5	CIMB SECURITIES (SINGAPORE) PTE LTD	200,745,996	3.29
6	CHONG SHIN LEONG	200,000,000	3.27
7	SAMUEL NG CHEE YONG (SAMUEL WU ZHIYONG)	147,422,736	2.41
8	WONG KINGCHEUNG KEVIN	100,984,000	1.65
9	NEO BAN CHUAN	76,000,000	1.24
10	NG POH MING	72,015,904	1.18
11	ONG SIOW FONG	70,000,000	1.15
12	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	67,855,996	1.11
13	MAYBANK KIM ENG SECURITIES PTE LTD	63,375,984	1.04
14	KORDAMENTHA PTE LTD	60,000,000	0.98
15	TAN KAH BOH ROBERT	60,000,000	0.98
16	OH CHEE ENG	46,290,000	0.76
17	PHILLIP SECURITIES PTE LTD	43,649,324	0.71
18	LIM SONG TENG	30,000,000	0.49
19	NG CHOO PEE	28,136,000	0.46
20	LIN XIAOMING	26,316,000	0.43
	TOTAL	4,723,445,044	77.28

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of mDR Limited ("the Company") will be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Friday, 27 April 2012 at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a total tax exempt (one-tier tax) first and final cash dividend of S$2,100,000 for the year ended 31 December 2011 (2010: Nil).
[See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 90 of the Articles of Association of the Company:

   Mr Tham Khai Wor **(Resolution 3)**

   (Mr Tham Khai Wor will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and member of Audit and Nominating Committees and will be considered independent.)

   Mr Ong Ghim Choon **(Resolution 4)**

4. To approve the payment of S$237,000 as Directors' fees for the year ended 31 December 2011 (2010: S$192,000). **(Resolution 5)**

5. To approve the payment of up to S$234,000 as Directors' fees for the year ending 31 December 2012, to be paid quarterly in arrears. **(Resolution 6)**

6. To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Mainboard Listing Rules of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Mainboard Listing Rules of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 8)**

9. **Authority to issue shares under the mDR Share Option Scheme 2003**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant options under the mDR Share Option Scheme 2003 ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Chiang Chai Foong
Company Secretary
Singapore, 11 April 2012

Explanatory Notes on Ordinary and Special Businesses to be transacted:

(i) The Ordinary Resolution 2 in item 2 above, if passed, will allow the Company to pay a total tax exempt (one-tier tax) first and final cash dividend of S$2,100,000. The dividend per share will be determined based on the total number of issued shares capital of the Company as at Book Closure Date. The issued shares as at 31 March 2012 is 6,560,991,986, with outstanding warrants of 6,089,874,327 and employee share options of 36,500,000. On the basis that no warrants are converted and no employee share options are exercised prior to Book Closure Date, the dividend per share will be 0.032 cents. However, if all outstanding warrants of 6,089,874,327 and employee share options of 36,500,000 are converted and exercised respectively, before Book Closure Date, the dividend per share will be reduced to approximately 0.016 cents.

(ii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

2. The duly executed instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at **53 Ubi Crescent, Singapore 408594** not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Transfer Book and the Register of Members of the Company will be closed from 8 May 2012 after 5.00 p.m. to 9 May 2012 for the purpose of determining members' entitlements to the tax exempt (one-tier tax) first and final dividend (the "Proposed Dividend").

Duly completed registrable transfers received by the Company's share registrar, Boardroom Corporate and Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 8 May 2012 will be registered to determine members' entitlements to the Proposed Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 8 May 2012 will be entitled to the Proposed Dividend,

The Proposed Dividend, if approved at the Eleventh Annual General Meeting to be held on 27 April 2012, will be paid on 22 May 2012.

MDR Limited

Company Registration No. 200009059G
(Incorporated In the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy mDR Limited's shares, this Report is forwarded to them at the request of the 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 attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ...

of ....

being a member/members mDR Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Eleventh Annual General Meeting (the "Meeting") of the Company to be held on 27 April 2012 at 4.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick (√) within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2011		
2	Declaration of total tax exempt (one-tier tax) first and final cash dividends of S$2,100,000 for the year ended 31 December 2011		
3	Re-election of Mr Tham Khai Wor as a Director		
4	Re-election of Mr Ong Ghim Choon as a Director		
5	Approval of Directors' fees amounting to S$237,000 for the year ended 31 December 2011		
6	Approval of Directors' fees of up to S$234,000 for the year ending 31 December 2012, to be paid quarterly in arrears		
7	To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration		
8	Authority to issue new shares		
9	Authority to issue shares under the mDR Share Option Scheme 2003		

Dated this .... day of 2012

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

....

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the 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 the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 53 Ubi Crescent Singapore 408594 (Attn: Company Secretary, Tel: 6347 8934) not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under hand of the appointor or of his 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 seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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 Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

MDR Limited

Affix
Stamp

Company Secretary
mDR Limited
53 Ubi Crescent
Singapore 408594

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Corporate Information

Board of Directors
Philip Eng Heng Nee
Chairman

Ong Ghim Choon
Executive Director/Chief Executive Officer

Mah Kah On
Independent Non-Executive Director

Tham Khai Wor
Independent Non-Executive Director

Audit Committee
Mah Kah On
Chairman

Philip Eng Heng Nee
Tham Khai Wor

Nominating Committee
Philip Eng Heng Nee
Chairman

Mah Kah On
Tham Khai Wor

Remuneration Committee
Tham Khai Wor
Chairman

Philip Eng Heng Nee
Mah Kah On

Registered Office
53 Ubi Crescent
Singapore 408594
T : (65) 6347 8911
F : (65) 6347 8903
W: www.m-dr.com

Share Registrar
Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place
Singapore Land Tower
#32-01 Singapore 048623

Auditors
Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809
Partner-in-charge: Ng Peck Hoon
(Audit engagement partner since the
financial year ended 31 December 2010)

Company Secretary
Chiang Chai Foong
ACIS

MDR LIMITED

(Company Registration No. 200009059G)
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