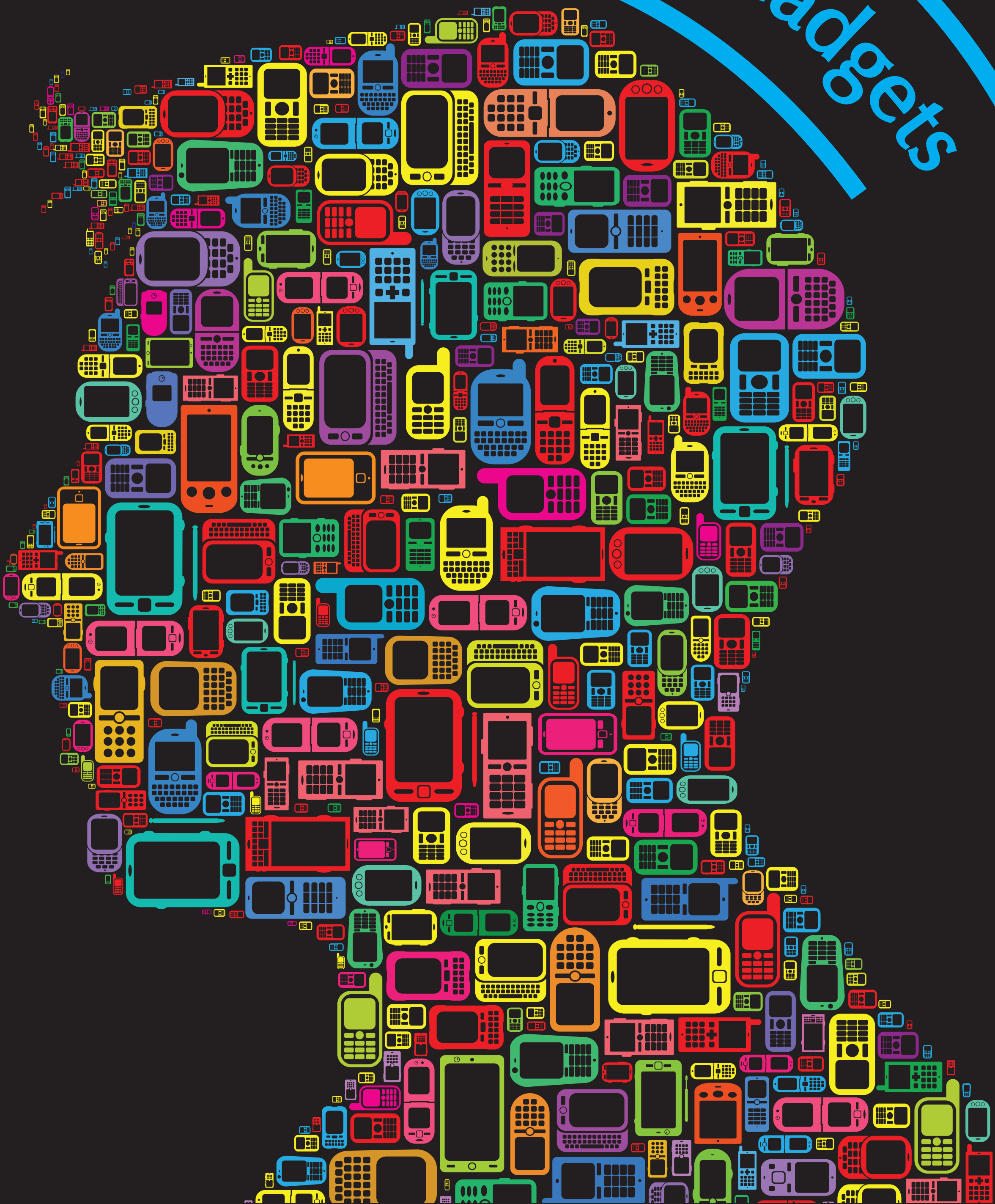
Empowering Connection Beyond Gadgets



mDR Limited

Annual Report 2012

Contents

Beyond Home

With our joint venture in Myanmar under MDR Myanmar, acquisitions of Pixio Sdn Bhd in Malaysia and the Quanli Group in Shenzhen and Hong Kong, we are enlarging our business footprint beyond Singapore and building new and sustainable revenue streams to strengthen our current stable of profitable businesses.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the mDR Limited annual report for the financial year ended 31 December 2012 ("FY2012").

The Group faced significant challenges in FY2012 in view of the uncertain global economic outlook, which had impacted consumer sentiments, despite the local economy chalking up modest growth. Despite this, we remained focused in our existing businesses and strived ahead with our expansion plans in an effort to grow new revenue streams apart from our traditional after-market sales ("AMS") business, and distribution and retail of mobile phones and accessories businesses.

FINANCIAL REVIEW

The Group registered a 10% decline in turnover from $357 million in FY2011 to $320 million for FY2012, mainly in view of a slowdown in its distribution business. As in FY2012 result of the lower turnover, net profits after tax registered a 26% decline from $7.6 million in FY2011 to $5.6 million. However, FY2011 net profits of $7.6 million included one-time gains such as liabilities written back, fair value gain and tax credit recognized amounting to $1.6 million. Should these one-time gains be excluded from FY2011 profits, the underlying net profits for FY2011 would be at $6 million. FY2012 net profits of $5.6 million represents a 6.7% decline from that of FY2011.

The Group's financial position strengthened with an improved net tangible asset base of $45.4 million as at 31 December 2012 compared to $31.3 million as at 31 December 2011. From the Group's 2011 Rights Cum Warrants Issue, about 2.08 billion of warrants were converted to shares in FY2012, which yielded total proceeds of about $10.4 million. As at 31 December 2012, the Group remained debt-free with a healthy cash balance of $17.6 million compared to a cash position of $14.8 million as at 31 December 2011.

BUSINESS OPERATIONS

We currently operate the largest network of 49 managed and franchised retail outlets in Singapore providing M1 and SingTel services including mobile, fixed and wireless broadband under retail brands Handphoneshop, Gadget World, 3 Mobile, Nokia and Samsung concept stores. During the financial year, we focused on the expansion of the Group's concept store, Gadget World. Since our last annual report, we have expanded Gadget World to a total of 5 outlets in Singapore and the Gadget World corner can now be found in most of our Handphoneshop and 3 Mobile retail shops in Singapore. We regularly review our retail and franchise operations and develop effective marketing strategies to enhance our Handphoneshop, Gadget World and 3 Mobile brandings in Singapore.

Despite the slowdown in the distribution business of the Group in FY2012, we continue to maintain and grow our strong relationships with key mobile phone manufacturers such as Samsung, Nokia, LG and Sony.

The Group's AMS business continued to contribute positively towards the Group's profits in FY2012, having turnaround from losses since FY2010. AMS revenue registered a significant 41% growth to $28 million in FY2012, mainly in view of a strong performance from the Samsung AMS unit. We will continue to work closely with our AMS partners to increase the contributions from the AMS business to the Group's profits, and to strive to provide quality service to our customers.

Chairman's Statement

BEYOND SINGAPORE

In my statement to shareholders in FY2011's annual report, the Group had expressed its intention to find new opportunities to diversify its business with the aim of maximizing shareholder value. I am pleased to report that during the second half of 2012 and at the beginning of 2013, we achieved a milestone with the signing of definitive agreements in relation to the acquisition of businesses and assets of Quanli (Hong Kong) Leather Company and Shenzhen Quanli Leather Co., Ltd. ("Quanli Group") and Pixio Sdn Bhd ("Pixio"). The Quanli Group is in the business of manufacturing leather accessories for mobile phones and laptops, while Pixio provides design solutions and digital inkjet printing for point-of-sale and out of home advertisements.

The acquisitions of the two profitable operations will be earnings accretive to the Group; assuming the acquisitions had been completed on 1 January 2012, the Group's basic earnings per share will increase from 0.075 cents to 0.11 cents. The Quanli Group and Pixio will give us an immediate access to new markets and customers, and going forward, they are expected to contribute significantly to the Group's financial performance. Upon completion of the acquisitions, we intend to strengthen the existing operations of the Quanli Group and Pixio so that they will become major contributors to our bottom line in future.

Besides growing its online business in China and the international markets, the Quanli Group can benefit from our strong relationships with the mobile phone manufacturers, and target for new businesses with the mobile phone manufacturers in the area of manufacture of in-box phone accessories. We will work towards strengthening the branding and standing of the Quanli Group to secure more collaboration with international companies.

Pixio in Malaysia is the leading design solutions and digital inkjet printer, specialising in point-of-sale and out-of-home advertising. It is now developing additional products in high resolution retail advertising in Malaysia, entering new customer segments and plans to grow new markets particularly in East Malaysia and Singapore. And in the near term, Myanmar.

We believe with access to more capital, corporate management and support, both the Quanli Group and Pixio will be able to grow their operations and become even more profitable.

Additionally, we see the significant potential of the Myanmar telecommunication market and embarked on a strategic joint venture with Be-Well (Myanmar) Company Limited, Be-Well Corporation Pte Ltd and Avitar Enterprises Pte Ltd. The joint venture company, MDR Myanmar Co., Ltd ("MDR Myanmar"), will be providing mainly AMS service of telecommunication devices to consumers in Myanmar. MDR Myanmar will also provide exclusive consultancy and retail franchisee procurement services to Myanmar-based Golden Myanmar Sea Co. Limited ("GMS Co. Ltd"), which will be involved in the mobile devices and accessories distribution and retail businesses. GMS Co. Ltd is owned by the Myanmar Golden Star Group in Myanmar, an established business conglomerate involved in diverse businesses in Myanmar such as food, alcoholic and non-alcoholic beverages, financial and medical services, farming, agricultural and natural resources, aviation, and consumer electronics trading and distribution.

We believe that our strong partners in MDR Myanmar, together with the assistance of the Myanmar Golden Star Group, will allow our venture into the Myanmar market to make significant headway and yield positive results.

The acquisitions of the Quanli Group and Pixio, and the establishment of MDR Myanmar, will enlarge our business footprint beyond Singapore and help to diversify and build new and sustainable revenue streams to strengthen our current stable and profitable businesses.

Chairman's Statement

DIVIDEND

This year marks the second year that we will be paying dividends to our shareholders. The Board of Directors is pleased to recommend a first and final total dividend amount of up to $2.1 million for shareholders' approval at the forthcoming Annual General Meeting. The Group's FY2011 dividends were at $2.075 million, comprising about 30% of the Group's profits attributable to owners of $6.99 million. Upon approval by the shareholders, the dividends will be paid to shareholders on 22 May 2013.

OUTLOOK

The global economy in 2013 will continue to be volatile and challenging but we will remain vigilant and will take the opportunity to strengthen our core competencies and explore strategies to widen our customer base for our existing and future businesses. We expect to spend considerable time and effort to integrate the new acquisitions in China and Malaysia, and Myanmar operations into the Group, and we expect to reap positive benefits and results from these new pillars of businesses, as they will cushion us from any adverse impact resulting from a slowdown in the local economy due to the existing Singapore centric nature of our business. We look forward to another exciting year of growth in new territories and businesses.

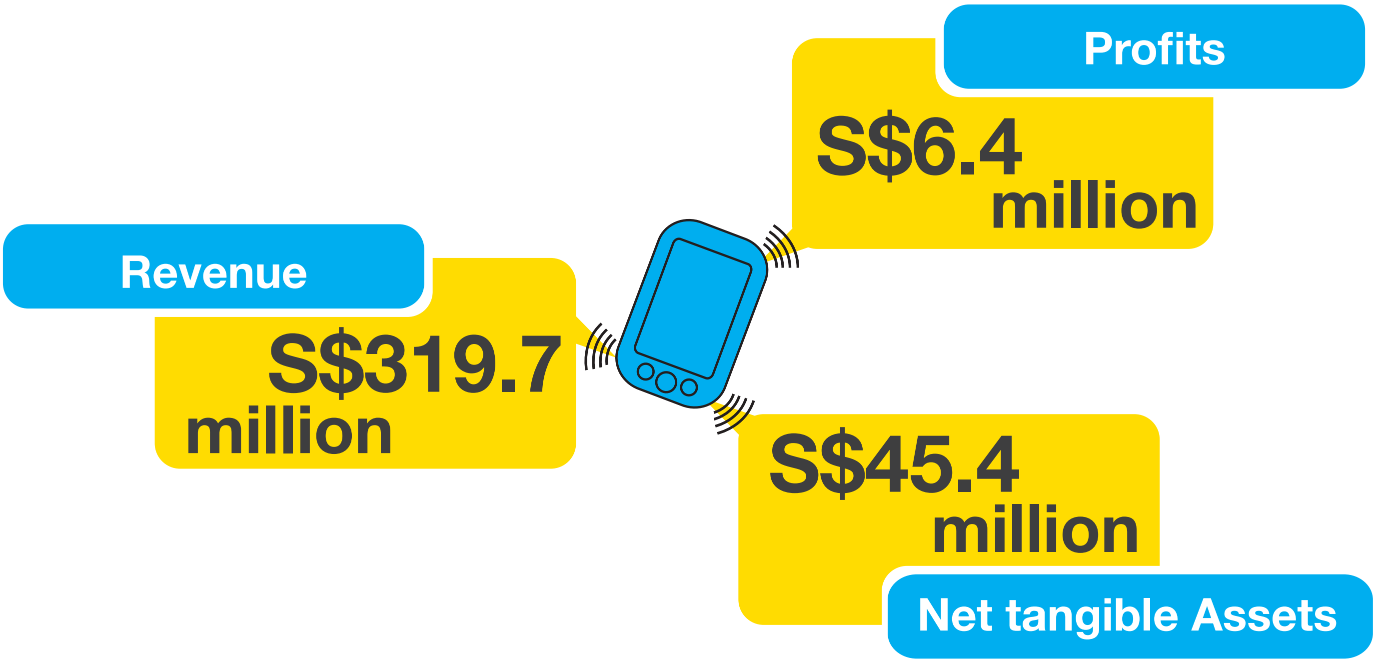
ACKNOWLEDGEMENT

I would like to thank my fellow Directors, management and staff of the Company for their dedication and hard work during the year.

On behalf of the Directors, I would like to thank you, our shareholders and our other stakeholders, for your confidence and trust in the Company.

PHILIP ENG HENG NEE
Chairman
31 March 2013

Financial Highlights



Year	2012	2011	2010	2009	2008
Revenue ($'000)	319,684	357,007	314,949	226,262	267,503
Profits (Loss) before tax ($'000)	6,401	7,708	4,816	(1,818)	(25,608)
Profits (Loss) attributable to owners ($'000)	5,516	6,994	4,963	(2,561)	(23,036)
Earnings (Loss) per share (cents)	0.08	0.15	0.16	(0.12)	(1.33)
Cash balance* ($'000)	17,620	14,778	14,249	10,895	9,815
Bank loans ($'000)	-	-	13,978	16,350	20,893
Net tangible assets ($'000)	45,387	31,282	12,359	5,229	1,124
Net asset value ($'000)	47,737	33,632	14,709	7,579	6,711
Net asset value per share (cents)	0.57	0.53	0.39	0.29	0.38

* Including pledged cash for 2008 to 2011

Connecting Business

Corporate Profile

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

We currently operate the largest network of 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 Samsung concept stores as well as Gadget World.

Our core businesses are:

- Authorised distribution of mobile devices and accessories for leading global brands like Samsung, Nokia, Sony and LG.
- 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.
- Owner of lifestyle retail concept branded Gadget World that offers the latest technology gadgets, mobile and lifestyle accessories through standalone stores as well as within existing telco retail stores in synergy with Handphoneshop and 3 Mobile retail networks.
- Exclusive partner of Nokia for the chain of Nokia branded retail concept stores.
- Key partner of Samsung 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, for equipment repairs and technical services.

Connecting Individuals

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 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. were involved in the import, export, distribution and retail of telecommunication and related products and accessories.

Board of Directors

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

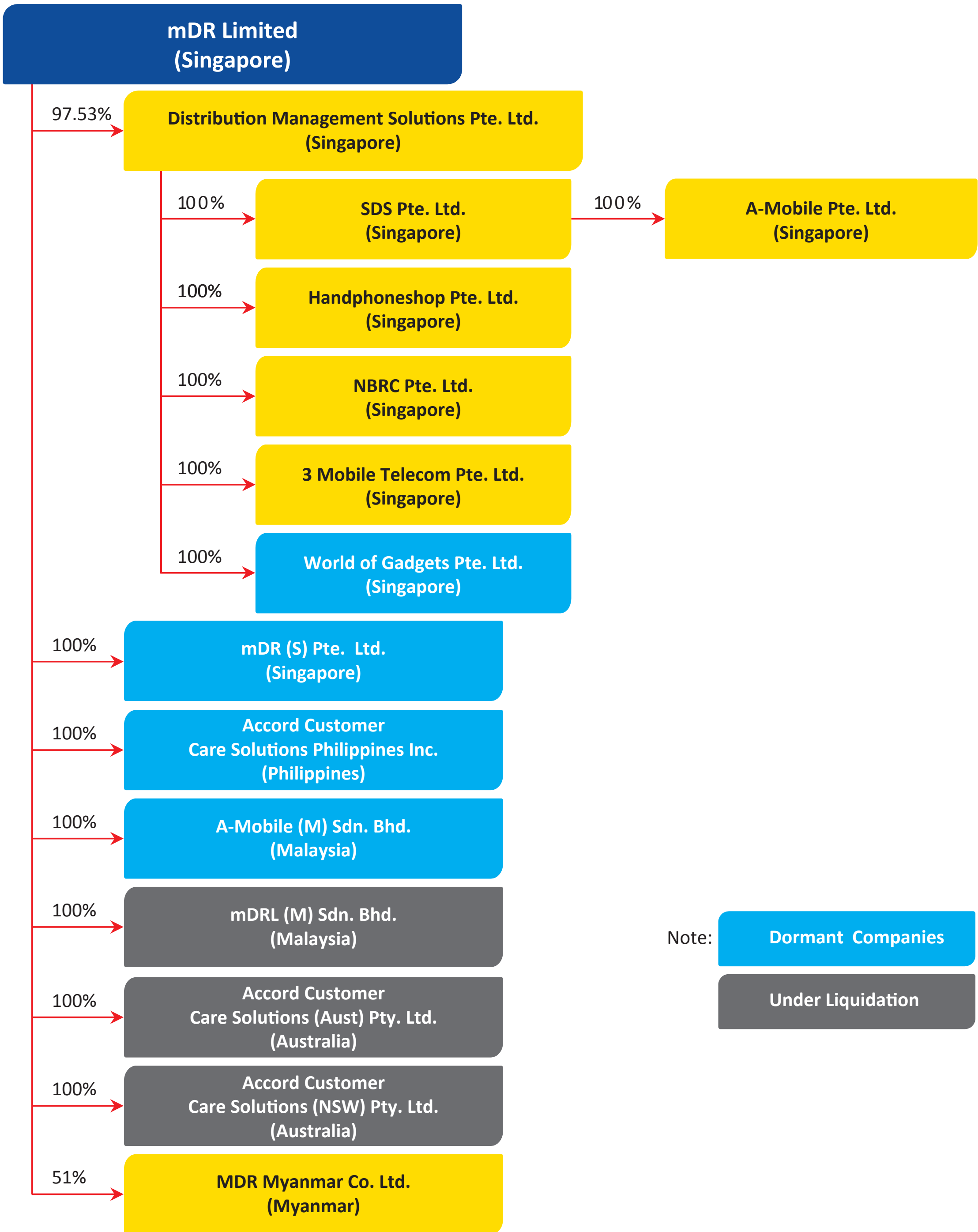
Date of first appointment : 6 October 2006

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 a Non-Executive Director of M2L Holdings Limited and a Principal Consultant of Saltus Consulting Pte. Ltd., specializing in Marketing and Brand Strategy, and Media Relations.

Group Structure
As at 31 March 2013



Connecting Ideas

Our Retail Network

SINGTEL EXCLUSIVE RETAILER

3MOBILE

ANG MO KIO CENTRAL
Blk 726 AMK Ave 6
#01-4162
S (560726)

ANG MO KIO CENTRAL
Blk 727 Ang Mo Kio
#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 (460018)

BOON LAY SHOPPING CENTRE
221 Boon Lay Place
#01-116
S (640221)

CENTURY SQUARE
2 Tampines Central 5
#05-22
S (529509)

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 Avenue 10
#04-17
S (538766)

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

ION ORCHARD
2 Orchard Turn
#B4-22
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 (648884)

JURONG WEST
Blk 501 Jurong West
#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
#B1-45/46 Parkway Parade
S (449269)

PEOPLE PARK CENTRE
101 Upper Cross Street
#01-44
S (058357)

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

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)

M1 EXCLUSIVE RETAILER

Handphone SHOP

ANG MO KIO CENTRAL
Blk 726 Ang Mo Kio Avenue 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)

Our Retail Network

FUNAN DIGITALIFE MALL
109 North Bridge Road
Level 1 Kiosk K8
S (179097)

GREAT WORLD CITY
1 Kim Seng Promenade
#02-36
S (237994)

ION ORCHARD
2 Orchard Turn
#B4-21
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)

SEMBAWANG SHOPPING CENTRE
604 Sembawang Road
#B1-04
S (758459)

THE SHOPPES AT MARINA BAY SANDS
2 Bayfront Avenue
#B2-60
S (018972)

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 St. 3
#03-22
S (518457)

YISHUN CHONG PANG
Blk 101 Yishun Ave 5
#01-89
S (760101)

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

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)

CENTURY SQUARE
2 Tampines Central
#04-07/08
S (529509)

THE SHOPPES AT MARINA BAY SANDS
2 Bayfront Avenue
#B2-61
S (018972)

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

NOKIA STORES

CAUSEWAY POINT
1 Woodlands Square
#03-14
S (738099)

FUNAN DIGITALIFE MALL
109 North Bridge Road
Level 1 Kiosk K8
S (179097)

SAMSUNG EXPERIENCE STORES

PLAZA SINGAPURA
68 Orchard Road
#B2-23
S (238839)

MARINA BAY SANDS
2 Bayfront Avenue
#B2-61
S (018972)

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

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
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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
Tower Two #32-00
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

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"). In general, the Board of Directors ("Board") has taken steps to align the governance framework of the Company with the recommendations of the revised Code issued on 2 May 2012.

BOARD MATTERS

PRINCIPLE 1: BOARD OF DIRECTORS' CONDUCT OF ITS AFFAIRS

The 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 three (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 FY2012, the Directors' attendances at board and committee meetings are as follows:

		Committee		
Director	**Board**	**Audit**	**Nominating**	**Remuneration**
Philip Eng Heng Nee	5 of 5	4 of 4	1 of 1	4 of 4
Mah Kah On	5 of 5	4 of 4	1 of 1	4 of 4
Tham Khai Wor	5 of 5	4 of 4	1 of 1	4 of 4
Ong Ghim Choon (1)	5 of 5	-	-	-

(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.

Corporate Governance

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

		Commitee		
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 Chairman of the Board 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.

Corporate Governance

The Company Secretary or her representative 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.

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

mDR Share Option Scheme 2003.

The mDR Share Option Scheme 2003 (the "Scheme") expired on 12 January 2013. Upon expiration of the Scheme, no further share options can be granted but the provisions of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration. Details of the Scheme, which includes, size of grants, exercise price of options that were granted under the Scheme and the exercisable period are disclosed in the Report of the Directors'.

Remuneration policy in respect of Executive Director 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 component. 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 was also entitled to share options under the Scheme.

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.

With the exception of Mr. Ong Ghim Chwee, there is no other employee of the Company who is an immediate family member of a Director or the CEO and whose remuneration exceeded S$50,000 during FY2012. Immediate family member means the spouse, child, adopted child, step-child, brother, sister and parent.

Corporate Governance

Directors' Remuneration Table for the Financial Year Ended 31 December 2012

Name of Director	Fees (%)	Salary (%)	Bonus [1] (%)	Other Benefits [2] (%)	Total (%)	No. of share options
Ong Ghim Choon	-	55.7	32.9	11.4	100	-
Independent Directors						
Philip Eng Heng Nee	100	-	-	-	100	29,092,000
Mah Kah On	100	-	-	-	100	-
Tham Khai Wor	100	-	-	-	100	-

[1] Include Annual Wage Supplement and Variable Bonus.

[2] Include employers' CPF, allowance and car benefits.

Key Executives' Remuneration Table for the Financial Year Ended 31 December 2012

Remuneration Bands & Name of Key Executives	Salary (%)	Bonus [1] (%)	Other benefits [2] (%)	Total (%)	No. of share options
S$250,000 to S$500,000					
Wee Swee Neo, Doris	66.3	30.3	3.4	100	-
Chua Lay Ching, Sarah	68.3	18.2	13.5	100	-
Siua Cheng Foo, Richard	60.2	35.1	4.7	100	-
Kwa Hian Djoe	55.6	12.7	31.7	100	-
Below S$250,000					
Ng Eng Ming, Peter	61.9	14.3	23.8	100	-
Ong Ghim Chwee	60.7	14.0	25.3	100	-

[1] Include Annual Wage Supplement and Variable Bonus.

[2] Include employers' CPF, allowance and car benefits.

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 performs a full review and discussion of the results before its 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: RISK MANAGEMENT AND INTERNAL CONTROLS

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.

The Company has conducted a comprehensive review of its current strategic, operational, financial, market and compliance risks with the assistance of Deloitte & Touche Enterprise Risk Services. The significant risks in the Group's business and operational activities were reported to and reviewed by the Board.

Corporate Governance

The identification and management of risks are delegated to Management who assumes ownership and day-to-day management of these risks.

Internal Controls

The Company maintains internal control systems 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 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 error, fraud or other irregularities.

Based on the internal controls established, reports from the external and internal auditors, assurance given by Management and with concurrence from the AC, the Board is of the opinion that there are adequate internal controls in place to address the financial, operational and compliance risks of the Group in its current business environment.

PRINCIPLE 12: 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 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 One e-Risk Services Pte Ltd (formerly known as 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 ("SGX-ST") 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 Annual General Meeting within the mandatory period. The notice of meeting will also be posted on the Company's website. At 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.

For greater transparency and fairness in the voting process, all resolutions will be passed at the FY2012 AGM by poll. The voting results of all votes cast for and against each resolution will be screened at the meeting and will also be announced after the meeting via SGXNET.

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 SGX-ST Listing Manual guidelines and made it applicable to all its officers in relation to their dealings in the Company's securities.

Directors and employees who have access to unpublished price sensitive information 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.

Non-audit fees

The Company had engaged its auditors Deloitte & Touche LLP to provide tax advisory, enterprise risk management assessment and agreed upon procedures services for a total fee of $146,000 in the financial year ended 31 December 2012.

Other than as disclosed herein, 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 2012 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

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 renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011 (the "Rights Cum Warrants Issue") and conversion of warrants pursuant to the Rights Cum Warrants Issue (the "Conversion of Warrants").

A. Rights Cum Warrants Issue

	S$'000
Balance of proceeds as at 1 January 2012	1,344
Utilisation of proceeds towards general working capital	(1,344)
Balance of proceeds as at 31 December 2012	**Nil**

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.

B. Conversion of Warrants

	S$'000
Total proceeds received from Conversion of Warrants for FY2012	10,391
Utilisation towards the following working capital:-	
- General working capital	(2,456)
- Purchases of inventories	(4,100)
Balance of proceeds as at 31 December 2012	**3,835**

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 2012

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$435,000	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, 2012.

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 their 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 re-appointment of the external auditors of the Group.

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

The Audit Committee has recommended to the 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:

Name of directors and companies in which interests are held	Shareholdings registered in name of director At beginning of year	At December 31, 2012	At January 21, 2013
<u>mDR Limited</u>			
- Ordinary shares			
Philip Eng Heng Nee	65,266,666	112,952,330	112,952,330
Ong Ghim Choon	433,986,666	443,986,666	443,986,666
Tham Khai Wor	15,000,000	15,000,000	15,000,000
Mah Kah On	10,000,000	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	-	-
Ong Ghim Choon	433,986,664	433,986,664	433,986,664
Mah Kah On	10,000,000	10,000,000	10,000,000
<u>mDR Limited</u>			
- Options granted			
Philip Eng Heng Nee	12,177,000	38,850,000	55,588,000
Ong Ghim Choon	15,000,000	5,000,000	5,000,000

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.

Report of the Directors

6 SHARE OPTIONS (cont'd)

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 twelve (12) 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.

6 SHARE OPTIONS (cont'd)

d) The share options granted and exercised during the financial year and share options outstanding as at December 31, 2012 under the 2003 Scheme were as follows:

Date of grant	Balance at January 1, 2012	Number of share options Granted	Exercised	Cancelled/ Lapsed	Balance at December 31, 2012	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	8,300,000	-	-	-	8,300,000	0.0300	May 13, 2009 to May 12, 2018
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, 2016
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, 2016
March 9, 2011	1,670,000	-	-	-	1,670,000	0.0050	March 9, 2014 to March 8, 2016
January 19, 2012	-	7,878,000	-	-	7,878,000	0.0050	January 19, 2013 to January 18, 2017
January 19, 2012	-	5,440,000	-	-	5,440,000	0.0050	January 19, 2014 to January 18, 2017
January 19, 2012	-	5,440,000	-	-	5,440,000	0.0050	January 19, 2015 to January 18, 2017
May 14, 2012	-	3,355,000	-	-	3,355,000	0.011	May 14, 2013 to May 13, 2017
May 14, 2012	-	2,317,000	-	-	2,317,000	0.011	May 14, 2014 to May 13, 2017
May 14, 2012	-	2,317,000	-	-	2,317,000	0.011	May 14, 2015 to May 13, 2017
November 9, 2012	-	985,000	-	-	985,000	0.0090	November 9, 2013 to November 8, 2017
November 9, 2012	-	680,000	-	-	680,000	0.0090	November 9, 2014 to November 8, 2017
November 9, 2012	-	680,000	-	-	680,000	0.0090	November 9, 2015 to November 8, 2017
Total	77,366,274	29,092,000	(50,919,000)	-	55,539,274		

Particulars of the options granted in 2003, 2004, 2008, 2010 and 2011 were set out in the Report of the Directors for the financial years ended December 31, 2003, December 31, 2004, December 31, 2008, December 31, 2010 and December 31, 2011 respectively.

On January 19, 2012, the Company granted options to subscribe for 18,758,000 ordinary shares of the Company at exercise price of $0.005 per share to a non-executive director.

On May 14, 2012, the Company granted options to subscribe for 7,989,000 ordinary shares of the Company at exercise price of $0.011 per share to a non-executive director.

On November 9, 2012, the Company granted options to subscribe for 2,345,000 ordinary shares of the Company at exercise price of $0.009 per share to a non-executive director.

Report of the Directors

6 SHARE OPTIONS (cont'd)

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, 2012	Aggregate options exercised since commencement of the Scheme to December 31, 2012	Aggregate options lapsed since commencement of the scheme to December 31, 2012	Aggregate options outstanding at December 31, 2012
Philip Eng Heng Nee	29,092,000	56,457,000	(6,369,000)	(11,238,000)	38,850,000
Ong Ghim Choon	-	15,000,000	(10,000,000)	-	5,000,000

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.

h) The 2003 Scheme expired on January 12, 2013. Upon expiration of the Scheme, no further share option can be granted but the provisions of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration.

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, 2012, a total of 4,240,534,927 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 28, 2013

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 33 to 76 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, 2012, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and 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 28, 2013

Independent Auditors' Report

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, 2012, 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 33 to 76.

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, 2012 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 28, 2013

Statements of Financial Position

DECEMBER 31, 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
ASSETS					
Current assets					
Cash and bank balances	6	17,620	14,778	9,902	1,923
Trade receivables	7	25,564	23,913	5,240	2,619
Other receivables and prepayments	8	4,186	3,231	14,153	12,889
Inventories	9	22,001	15,553	2,509	696
Total current assets		69,371	57,475	31,804	18,127
Non-current assets					
Investment in subsidiaries	10	-	-	14,436	14,436
Plant and equipment	11	2,843	3,110	846	654
Other investments	12	-	-	-	-
Long-term loan receivables	13	-	-	-	-
Other goodwill	14	2,350	2,350	-	-
Total non-current assets		5,193	5,460	15,282	15,090
Total assets		74,564	62,935	47,086	33,217
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	15	14,911	14,954	4,175	1,812
Other payables	16	9,099	11,720	2,337	2,656
Current portion of finance leases	17	86	81	68	64
Income tax payable		1,483	1,343	-	-
Total current liabilities		25,579	28,098	6,580	4,532
Non-current liabilities					
Finance leases	17	459	545	360	428
Deferred tax liabilities	18	225	154	-	-
Total non-current liabilities		684	699	360	428
Capital, reserves and non-controlling interests					
Share capital	20	132,856	122,117	132,856	122,117
Capital reserve	21	(859)	(859)	22	22
Share options reserve	22	1,548	1,590	1,548	1,590
Foreign currency translation reserve		168	200	-	-
Accumulated losses		(85,976)	(89,416)	(94,280)	(95,472)
Equity attributable to owners of the Company		47,737	33,632	40,146	28,257
Non-controlling interests		564	506	-	-
Total equity		48,301	34,138	40,146	28,257
Total liabilities and equity		74,564	62,935	47,086	33,217

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

YEAR ENDED DECEMBER 31, 2012

	Note	2012 $'000	2011 $'000
Continuing operations			
Revenue	23	319,684	357,007
Cost of sales	24	(287,193)	(323,952)
Gross profit		32,491	33,055
Other operating income	25	1,443	2,067
Administrative expenses		(18,712)	(18,353)
Other operating expenses	26	(8,785)	(9,246)
Changes in fair value of convertible loan notes designated as fair value through profit or loss	27	-	589
Finance costs	28	(36)	(404)
Profit before income tax		6,401	7,708
Income tax expense	29	(778)	(351)
Profit for the year from continuing operations		5,623	7,357
Discontinued operations			
Profit for the year from discontinued operations	31	-	276
Profit for the year	32	5,623	7,633
Other comprehensive income			
Currency translation differences arising from consolidation		1	71
Reclassification of currency translation reserves on disposals of subsidiaries	30 & 31	(33)	(8)
Other comprehensive (loss) income for the year, net of tax		(32)	63
Total comprehensive income for the year		5,591	7,696
Profit attributable to:			
Owners of the Company		5,516	6,994
Non-controlling interests		107	639
		5,623	7,633
Total comprehensive income attributable to:			
Owners of the Company		5,484	7,057
Non-controlling interests		107	639
		5,591	7,696
Earnings per share (cents):			
From continuing and discontinued operations:			
- Basic	34	0.08	0.15
- Diluted	34	0.05	0.15
From continuing operations:			
- Basic	34	0.08	0.14
- Diluted	34	0.05	0.14

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2012

	Share capital $'000	Capital reserve $'000	Share options reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
Group								
Balance at January 1, 2011	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 20)	29	-	(9)	-	-	20	-	20
Reversal of expenses related to equity settled share-based payment (Note 22)	-	-	(24)	-	24	-	-	-
Issue of shares for settlement of advisory fees (Note 20)	510	-	-	-	-	510	-	510
Effect of acquiring part of non-controlling interest in a subsidiary (Notes 20 and 21)	4,150	(881)	-	-	-	3,269	(3,619)	(350)
Disposal of subsidiaries (Note 31)	-	-	-	-	-	-	(153)	(153)
Issue of placement shares (Note 20)	488	-	-	-	-	488	-	488
Expense in relation to issuance of placement shares (Note 20)	(13)	-	-	-	-	(13)	-	(13)
Issue of shares pursuant to rights cum warrants issue (Note 20)	7,898	-	-	-	-	7,898	-	7,898
Expense in relation to issuance of right shares (Note 20)	(451)	-	-	-	-	(451)	-	(451)
Recognition of share-based payments (Note 22)	-	-	95	-	-	95	-	95
Dividends paid to non-controlling interest	-	-	-	-	-	-	(37)	(37)
Issue of shares upon conversion of convertible loan notes (Note 20)	50	-	-	-	-	50	-	50
Balance at December 31, 2011	122,117	(859)	1,590	200	(89,416)	33,632	506	34,138
Total comprehensive income for the year	-	-	-	(32)	5,516	5,484	107	5,591
Issue of shares upon share options exercised (Note 20)	352	-	(98)	-	-	254	-	254
Issue of shares upon conversion of warrants (Note 20)	10,387	-	-	-	-	10,387	-	10,387
Dividends (Note 33)	-	-	-	-	(2,076)	(2,076)	-	(2,076)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(49)	(49)
Recognition of share-based payments (Note 22)	-	-	56	-	-	56	-	56
Balance at December 31, 2012	132,856	(859)	1,548	168	(85,976)	47,737	564	48,301

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2012

	Share capital $'000	Capital reserve $'000	Share option reserve $'000	Accumulated losses $'000	Total $'000
Company					
Balance at January 1, 2011	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 20)	29	-	(9)	-	20
Reversal of expenses related to equity settled share-based payment (Note 22)	-	-	(24)	24	-
Issue of shares for settlement of advisory fees (Note 20)	510	-	-	-	510
Effect of acquiring part of non-controlling interest in a subsidiary (Note 20)	4,150	-	-	-	4,150
Issue of placement shares (Note 20)	488	-	-	-	488
Expense in relation to issuance of placement shares (Note 20)	(13)	-	-	-	(13)
Issue of shares pursuant to rights cum warrants issue (Note 20)	7,898	-	-	-	7,898
Expense in relation to issuance of right shares (Note 20)	(451)	-	-	-	(451)
Recognition of share-based payments (Note 22)	-	-	95	-	95
Issue of shares upon conversion of convertible loan notes (Note 20)	50	-	-	-	50
Balance at December 31, 2011	122,117	22	1,590	(95,472)	28,257
Total comprehensive income for the year	-	-	-	3,268	3,268
Issue of shares upon share options exercised (Note 20)	352	-	(98)	-	254
Issue of shares upon conversion of warrants (Note 20)	10,387	-	-	-	10,387
Dividends (Note 33)	-	-	-	(2,076)	(2,076)
Recognition of share-based payments (Note 22)	-	-	56	-	56
Balance at December 31, 2012	132,856	22	1,548	(94,280)	40,146

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2012

	2012 $'000	2011 $'000
Operating activities		
Profit before income tax	6,401	7,984
Adjustments for:		
Depreciation expense	1,116	1,017
Interest expense	36	404
Interest income	(7)	(9)
(Gain) Loss on disposal of plant and equipment	(23)	13
Plant and equipment written off	242	67
Reversal of impairment on plant and equipment	-	(34)
Allowance for inventories	653	566
Inventories written off	-	29
Bad debts written off – trade	3	4
Bad debts written off – non-trade	3	15
Reversal of doubtful trade receivables	-	(85)
Allowance for doubtful other receivables	-	32
Share-based payments	56	95
Professional fees settled by shares	-	510
Gain arising from de-consolidation of disposed subsidiaries	(94)	(172)
Changes in fair value of convertible loan notes designated as fair value through profit or loss	-	(589)
Liabilities written back	-	(354)
Net foreign exchange losses	1	72
Operating cash flows before movements in working capital	8,387	9,565
Trade receivables	(1,654)	(572)
Other receivables and prepayments	(959)	448
Inventories	(7,101)	(3,024)
Trade payables	(35)	2,151
Other payables	(2,567)	983
Cash (used in) generated from operations	(3,929)	9,551
Income tax paid	(567)	(754)
Interest received	7	9
Net cash (used in) from operating activities	(4,489)	8,806

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2012

	2012 $'000	2011 $'000
Investing activities		
Disposal of subsidiaries	-	(3)
Proceeds from disposal of plant and equipment	127	63
Acquisition of non-controlling interest in a subsidiary	-	(350)
Purchase of plant and equipment	(1,195)	(1,478)
Net cash used in investing activities	(1,068)	(1,768)
Financing activities		
Interest paid	(36)	(404)
Proceeds from issuance of ordinary shares, net	10,641	7,942
Repayment of convertible bonds	-	(5,300)
Repayment of obligations under finance leases	(81)	(32)
Cash pledged	2,000	224
Dividends paid to non-controlling interest	(49)	(37)
Dividends paid to shareholders	(2,076)	-
Net cash from financing activities	10,399	2,393
Net increase in cash and cash equivalents	4,842	9,431
Cash and cash equivalents at beginning of year	12,778	3,347
Cash and cash equivalents at end of financial year (Note A)	17,620	12,778

Notes to the consolidated statement of cash flows

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

	2012 $'000	2011 $'000
Cash and bank balances (Note 6)	17,620	14,778
Less: Cash pledged (Note 6)	-	(2,000)
Cash and cash equivalents	17,620	12,778

B. Purchase of plant and equipment:

During the financial year, the Group acquired plant and equipment with an aggregate cost of $1,195,000 (2011 : $2,136,000) of which $Nil (2011 : $658,000) was acquired under finance lease arrangements.

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2012

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 and consumer electronic products.

c) The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements respectively.

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, 2012 were authorised for issue by the Board of Directors on March 28, 2013.

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, 2012. 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 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 113 *Fair Value Measurement*
- *Annual Improvements to FRS 2012*

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.

Notes to Financial Statements

December 31, 2012

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 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.

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.

Notes to Financial Statements

December 31, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

Notes to Financial Statements

December 31, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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.

Derecognition of financial liabilities

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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	-	20%
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 annual 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.

Notes to Financial Statements

December 31, 2012

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 22. 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 (share options 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.

<u>Sale of goods</u>

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.

<u>Rendering of services</u>

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.

<u>Interest income</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

<u>Impairment of other goodwill</u>

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 (2011 : $2.35 million).

<u>Allowance for inventories</u>

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, 2012 is disclosed in Note 9 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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, 2012 and made a reversal of allowance for doubtful other receivables of $95,000 (2011 : $740,000) (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 10 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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and bank balances)	47,183	41,666	29,238	17,329
Financial liabilities				
Amortised cost	24,555	27,300	6,940	4,960

(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	
	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollar	(98)	(151)	248	67	(14)	(12)	237	88
Euro	(43)	(47)	-	-	-	-	-	-
Australian Dollar	(25)	(28)	-	-	(15)	(19)	-	-
Thai Baht	(5)	(6)	-	-	-	-	-	-

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December 31, 2012

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 cash and bank balances 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.

Liquidity and interest risk analyses

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

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 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						
2012						
Non-interest bearing	-	47,183	-	-	-	47,183
2011						
Non-interest bearing	-	39,666	-	-	-	39,666
Fixed interest rate instruments	0.65	2,007	-	-	(7)	2,000
		41,673	-	-	(7)	41,666
Company						
2012						
Non-interest bearing	-	29,238	-	-	-	29,238
2011						
Non-interest bearing	-	17,329	-	-	-	17,329

* 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.

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						
2012						
Trade and other payables	-	24,010	-	-	-	24,010
Finance lease (fixed rate)	2.73	112	448	65	(80)	545
		24,122	448	65	(80)	24,555
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

Notes to Financial Statements

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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)

	Average effective interest rate	On demand or within 1 year	1 to 5 years	Over 5 years	* Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Company						
2012						
Trade and other payables	-	6,512	-	-	-	6,512
Finance lease (fixed rate)	2.73	88	352	51	(63)	428
		6,600	352	51	(63)	6,940
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

* 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.

(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.

(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 2011.

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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	
	2012	2011
	$'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	35	103
Rental expenses	435	439

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	
	2012	2011
	$'000	$'000
Short-term benefits	1,585	1,510
Post-employment benefits	51	40
Share-based payments	51	52
	1,687	1,602

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Cash and bank balances	17,620	12,778	9,902	1,923
Fixed deposits	-	2,000	-	-
	17,620	14,778	9,902	1,923
Shown as:				
Cash and bank balances	17,620	12,778	9,902	1,923
Cash pledged	-	2,000	-	-
	17,620	14,778	9,902	1,923

In 2011, fixed deposits borne average effective interest rate of 0.65% per annum and for a tenure of approximately 365 days. Fixed deposits were pledged in relation to a banker's guarantee amounting to $2,000,000 (Note 35(a)).

Notes to Financial Statements

December 31, 2012

6 CASH AND BANK BALANCES (cont'd)

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
United States Dollar	248	52	20	42

7 TRADE RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Outside parties	16,572	14,317	4,906	2,619
Accrued income	9,400	10,004	334	-
Subsidiaries (Note 10)	-	-	-	13
	25,972	24,321	5,240	2,632
Less: Allowances for doubtful trade receivables				
- subsidiaries	-	-	-	(13)
- outside parties	(408)	(408)	-	-
	(408)	(408)	-	(13)
	25,564	23,913	5,240	2,619

The average credit period on sales is 30 days (2011 : 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 were interest-free and repayable on demand.

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 71% (2011 : 63%) 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 $8,325,000 (2011 : $3,459,000) 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 believe that there is no further credit provision required in excess of the allowance for doubtful debts.

7 TRADE RECEIVABLES (cont'd)

Movement in allowances:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At beginning of year	408	610	13	507
Reversed to profit or loss (Note 26)	-	(85)	-	-
Disposal of subsidiaries	-	(18)	-	-
Written off during the year	-	(99)	(13)	(494)
At end of year	408	408	-	13

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

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Not past due and not impaired	17,239	20,454	4,593	2,219
Past due but not impaired (i)	8,325	3,459	647	400
	25,564	23,913	5,240	2,619
Impaired receivables - individually assessed (ii)	408	408	-	13
Less: Allowance for doubtful debts	(408)	(408)	-	(13)
Total trade receivables, net	25,564	23,913	5,240	2,619
(i) Aging of receivables that are past due but not impaired				
1 to 30 days	4,034	1,585	496	297
31 to 60 days	320	312	86	37
>61 days	3,971	1,562	65	66
Total	8,325	3,459	647	400

(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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
United States Dollar	-	15	-	-

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8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Accrued interest receivable	-	7	-	-
Deposits	2,143	1,959	164	203
Prepayments	187	256	57	102
Outside parties	1,890	1,109	147	188
	4,220	3,331	368	493
Subsidiaries (Note 10)	-	-	18,768	17,523
	4,220	3,331	19,136	18,016
Less: Allowances for doubtful other receivables				
- subsidiaries	-	-	(4,983)	(5,078)
- others	(34)	(100)	-	(49)
	(34)	(100)	(4,983)	(5,127)
	4,186	3,231	14,153	12,889

Movement in allowance:

	Group		Company	
At beginning of year	100	81	5,127	7,379
Charge (Reversal) to profit or loss (Note 26)	-	32	(95)	(740)
Disposal of subsidiaries	-	(7)	-	-
Written off during the year	(66)	(6)	(49)	(1,512)
At end of year	34	100	4,983	5,127

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
United States Dollar	-	-	217	46

9 INVENTORIES

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Spare parts, handsets, accessories and pre-paid cards, carried at net realisable value after the following allowances	22,001	15,553	2,509	696

Movement in allowances:

	Group		Company	
At beginning of year	1,005	608	102	66
Charge to profit or loss (Note 26)	653	566	46	115
Written off during the year	(793)	(169)	(31)	(79)
At end of year	865	1,005	117	102

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10 INVESTMENT IN SUBSIDIARIES

	Company	
	2012	2011
	$'000	$'000
Unquoted equity shares, at cost	24,421	24,761
Impairment loss	(9,985)	(10,325)
	14,436	14,436
Movement in impairment loss:		
At beginning of year	10,325	10,733
Written off during the year	(340)	(408)
At end of year	9,985	10,325

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 and the recoverable amounts of the invesment in subsidiaries are not lower than their respective carrying amounts. 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 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% (2011 : 2%).

The pre-tax discount rate of 7.93% (2011 : 6.75%) per annum has been applied to the cash flow forecasts.

As at December 31, 2012, 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.

During the year, the Company has written off impairment loss amounting to $340,000 (2011 : $408,000) pursuant to the disposal and de-registration of active companies and dormant subsidiaries.

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

During the financial year ended December 31, 2011, 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 20) 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 21) had 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 number of shares in the 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 S$30,000 (Note 21) had 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 was 97.53%.

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10 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
	2012	2011	2012	2011	
	$'000	$'000	%	%	
mDRL (M) Sdn. Bhd. [3]	-	340	100	100	Malaysia
Accord Customer Care Solutions Philippines, Inc. [5]	125	125	100	100	Philippines
Accord Customer Care Solutions (Aust) Pty Ltd [3]	-	-	100	100	Australia
Distribution Management Solutions Pte. Ltd. [1]	17,074	17,074	98	98	Singapore
mDR (S) Pte Ltd [5]	6,394	6,394	100	100	Singapore
A Mobile (M) Sdn. Bhd.[2][6]	828	828	100	100	Malaysia
	24,421	24,761			

	Proportion of ownership interest and voting power held		Country of incorporation and operations
	2012	2011	
	%	%	
<u>Subsidiaries of Distribution Management Solutions Pte Ltd</u>			
SDS Pte. Ltd. [1]	98	98	Singapore
A-Mobile Pte. Ltd. [1]	98	98	Singapore
iDistribution Pte. Ltd. [7]	-	98	Singapore
3 Mobile Telecom Pte. Ltd. [1]	98	98	Singapore
Handphone Shop Pte. Ltd. [1]	98	98	Singapore
NBRC Pte. Ltd. [1]	98	98	Singapore
World of Gadgets Pte. Ltd. [1]	98	98	Singapore
<u>Subsidiaries of Accord Customer Care Solutions (Aust) Pty Ltd</u>			
Accord Customer Care Solutions (NSW) Pty Ltd [3]	100	100	Australia
mDR (New Zealand) Ltd [4]	-	100	New Zealand

<u>Auditors of subsidiaries for 2012</u>:

(1) Deloitte & Touche LLP, Singapore.

(2) Adrian Yeo & Co, Malaysia.

(3) These subsidiaries are in the process of liquidation.

(4) The subsidiary has been liquidated and deregistered during the year.

(5) No audited accounts are prepared as these companies were dormant during the year. Management accounts have been used for consolidation purposes.

(6) Deloitte & Touche LLP, Singapore for consolidation purposes.

(7) This company was amalgamated with Distribution Management Solutions Pte. Ltd. during the year.

The net tangible assets and pre-tax profits of the subsidiaries referred to in Notes (2), (3), (4) and (5) above are less than 20% of the net tangible assets and pre-tax profits of the Group at the financial year end.

11 PLANT AND EQUIPMENT

	Computers and computer system $'000	Other plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovations $'000	Total $'000
Group					
Cost:					
At January 1, 2011	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
Additions	415	98	133	549	1,195
Disposals	(17)	(29)	(137)	(684)	(867)
At December 31, 2012	3,591	616	1,020	3,474	8,701
Accumulated depreciation:					
At January 1, 2011	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
Depreciation	156	56	188	716	1,116
Disposals	(16)	(13)	(36)	(456)	(521)
At December 31, 2012	3,142	244	295	2,177	5,858
Impairment:					
At January 1, 2011	-	1	-	33	34
Impairment loss	-	(1)	-	(33)	(34)
At December 31, 2011 and 2012	-	-	-	-	-
Carrying amount:					
At December 31, 2012	449	372	725	1,297	2,843
At December 31, 2011	191	346	881	1,692	3,110

The carrying amount of the Group's plant and equipment includes an amount of $567,000 (2011 : $697,000) secured in respect of assets held under finance leases.

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December 31, 2012

11 PLANT AND EQUIPMENT (cont'd)

	Computers and computer system $'000	Other plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovations $'000	Total $'000
Company					
Cost:					
At January 1, 2011	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
Additions	350	7	-	34	391
Disposals	(11)	(17)	-	(2)	(30)
At December 31, 2012	2,244	50	590	103	2,987
Accumulated depreciation:					
At January 1, 2011	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
Depreciation	54	5	102	24	185
Disposals	(5)	(10)	-	(1)	(16)
At December 31, 2012	1,928	22	144	47	2,141
Carrying amount:					
At December 31, 2012	316	28	446	56	846
At December 31, 2011	26	33	548	47	654

The carrying amount of the Company's plant and equipment includes an amount of $446,000 (2011 : $548,000) secured in respect of assets held under finance leases.

12 OTHER INVESTMENTS

	Group	
	2012	2011
	$'000	$'000
At cost:		
Unquoted equity shares	750	750
Impairment loss	(750)	(750)
	-	-

The above investments held by the Group are stated at cost less impairment loss as a reasonable estimate of its fair value could not be made.

13 LONG-TERM LOAN RECEIVABLES

	Company	
	2012	2011
	$'000	$'000
Due from subsidiary (Note 10)	-	2,984
Less: Allowance for doubtful loan receivables	-	(2,984)
	-	-

The above long-term loan receivables were an extension of the Company's net investment in a subsidiary. These were unsecured, interest-free and fully written off during the year.

14 OTHER GOODWILL

	Group	
	2012	2011
	$'000	$'000
Cost:		
At beginning and end of year	8,672	8,672
Impairment:		
At beginning and end of year	6,322	6,322
Carrying amount:		
At beginning and end 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 and beyond based on an estimated growth rate of 2% (2011 : 2%). This growth rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the cash flow forecasts is 7.93% (2011 : 6.75%) per annum.

As at December 31, 2012, 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, 2012 and 2011, no impairment loss was recognised.

15 TRADE PAYABLES

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Outside parties	14,911	14,954	4,175	1,812

Trade payables principally comprise amounts outstanding for trade purchases.

The average credit period on purchase of goods is 30 days (2011 : 30 days). The Group and the Company have financial risk management policies in place to ensure that all payables are within the credit timeframe.

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

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
United States Dollar	95	143	11	12
Euro	41	44	-	-
Australian Dollar	10	9	-	-

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December 31, 2012

16 OTHER PAYABLES

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Accrued expenses	9,099	11,710	1,714	2,049
Subsidiaries (Note 10)	-	-	623	607
Related parties (Note 5)	-	10	-	-
	9,099	11,720	2,337	2,656

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
United States Dollar	3	8	3	-
Euro	2	3	-	-
Australian Dollar	15	19	15	19
Thai Baht	5	6	-	-

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17 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	112	112	86	81
In the second to fifth years inclusive	448	448	395	375
After fifth year	65	177	64	170
	625	737	545	626
Less: future finance charges	(80)	(111)	N/A	N/A
Present value of lease obligations	545	626	545	626
Less: Amount due for settlement within 12 months (shown under current liabilities)			(86)	(81)
Amount due for settlement after 12 months			459	545

	Company			
	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	88	88	68	64
In the second to fifth years inclusive	352	352	310	295
After fifth year	51	139	50	133
	491	579	428	492
Less: future finance charges	(63)	(87)	N/A	N/A
Present value of lease obligations	428	492	428	492
Less: Amount due for settlement within 12 months (shown under current liabilities)			(68)	(64)
Amount due for settlement after 12 months			360	428

The average lease term is 7 years. For the year ended December 31, 2012, the average effective borrowing rate was 2.73% (2011 : 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.

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December 31, 2012

18 DEFERRED TAX LIABILITIES

	Group	
	2012	2011
	$'000	$'000
At beginning of year	154	274
(Credit) Charge to profit or loss (Note 29)		
Current year	(17)	33
Under (Over) provision in respect of prior years	88	(153)
At end of year	225	154

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

19 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 $1,178,000 (2011 : $1,182,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2012, the outstanding contributions was $541,000 (2011 : $544,000).

20 SHARE CAPITAL

	Group and Company			
	2012	2011	2012	2011
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	6,318,223,657	3,737,505,521	122,117	109,456
Issue of shares upon conversion of convertible loan notes	-	11,111,111	-	50
Issue of shares upon share options exercised (Note 22)	50,919,000	3,950,000	352	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 10)	-	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 rights cum warrants issue	-	1,579,555,914	-	7,898
Expenses in relation to issuance of right shares	-	-	-	(451)
Issue of shares upon conversion of warrants	2,077,688,729	-	10,387	-
At end of year	8,446,831,386	6,318,223,657	132,856	122,117

20 SHARE CAPITAL (cont'd)

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.

As at December 31, 2012, a total of 4,240,534,927 (2011 : 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 55,539,274 (2011 : 77,366,274) unissued ordinary shares of the Company under option.

21 CAPITAL RESERVE

	Group		Company	
	2012	2011	2012	2011
	$'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 10)	(881)	(881)	-	-
	(859)	(859)	22	22

22 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") determined at grant date. 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.

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December 31, 2012

22 SHARE-BASED PAYMENTS (cont'd)

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

	Group and Company			
	2012		2011	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	77,366,274	0.062	28,257,274	0.163
Granted during the year	29,092,000	0.007	54,259,000	0.005
Exercised during the year	(50,919,000)	0.005	(3,950,000)	0.005
Expired/Forfeited during the year	-	-	(1,200,000)	0.030
Outstanding at the end of the year	55,539,274	0.086	77,366,274	0.062
Exercisable at the end of the year	20,442,274	0.222	17,777,274	0.254

The weighted average share price at the date of exercise for share options exercised during the year was $0.013 (2011: $0.005). The options outstanding at the end of the year have a weighted average remaining contractual life of 4 years (2011 : 7 years).

In 2012, options were granted on January 19, May 14 and November 9. The estimated fair values of the options granted on that date were $0.0012 to $0.0022, $0.0030 to $0.0048 and $0.0021 to $0.0033 (2011 : $0.0019 to $0.0031) 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	
	2012 $'000	2011 $'000
Weighted average share price	$0.007	$0.005
Weighted average exercise price	$0.007	$0.005
Expected volatility	61% to 72%	98%
Expected life	1 to 3	1 to 3
Risk free rate	2.25% to 3.63%	2.25% to 3.63%
Expected dividend yield	0% to 3.11%	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 $56,000 (2011 : $95,000) related to equity-settled share-based payment transactions and reversed $Nil (2011 : $24,000) from share options reserve for share options forfeited during the year.

The share option scheme expired on January 12, 2013. Upon expiration of the Scheme, no further share option can be granted but the provisions of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration.

Notes to Financial Statements

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23 REVENUE

	Group	
	2012	2011
	$'000	$'000
After-market services income	28,144	20,022
Distribution management solutions income		
Sale of goods	235,058	280,993
Incentive income	56,482	55,992
	291,540	336,985
Revenue from continuing operation	319,684	357,007

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.

24 COST OF SALES

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

25 OTHER OPERATING INCOME

	Group					
	Continuing		Discontinued		Total	
	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Rental income	1,080	1,536	-	-	1,080	1,536
Interest income on bank deposits	7	9	-	-	7	9
Liabilities written back	-	354	-	-	-	354
Bad debt recovered – non-trade	11	7	-	-	11	7
Gain on disposal of a subsidiary (Note 30)	94	-	-	-	94	-
Others	251	161	-	-	251	161
	1,443	2,067	-	-	1,443	2,067

Notes to Financial Statements

December 31, 2012

26 OTHER OPERATING EXPENSES

	Group				Total	
	Continuing		Discontinued			
	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Minimum lease payments under operating leases	6,746	7,441	-	-	6,746	7,441
(Gain) Loss on disposal of plant and equipment	(23)	13	-	-	(23)	13
Plant and equipment written off	242	67	-	-	242	67
Reversal of impairment on plant and equipment	-	-	-	(34)	-	(34)
Allowance for inventories (Note 9)	653	566	-	-	653	566
Inventories written off	-	29	-	-	-	29
Reversal of doubtful trade receivables (Note 7)	-	(13)	-	(72)	-	(85)
Allowance for (Reversal of) doubtful other receivables (Note 8)	-	49	-	(17)	-	32
Bad debts written off – trade	3	4	-	-	3	4
Bad debts written off – non-trade	3	15	-	-	3	15
Depreciation expense (Note 11)	1,116	1,017	-	-	1,116	1,017
Foreign currency exchange losses	45	58	-	16	45	74
	8,785	9,246	-	(107)	8,785	9,139

27 FAIR VALUE OF CONVERTIBLE LOAN NOTES

Convertible notes

On January 30, 2008, the Company received approval from shareholders for the issue of 1.5% equity linked redeemable non-recallable structured convertible notes that were due in 2011 amounting to $32,000,000.

As at December 31, 2010, the Company had issued a total of $12,000,000 convertible notes and the holder of the convertible notes had converted $11,950,000 of convertible notes into equity shares of the Company and the balance of $50,000 had been disclosed as current liability which was 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.

Convertible bonds

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, the 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 fully repaid the outstanding convertible bonds.

These notes/bonds contain embedded conversion features and the Company had 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 of $589,000 were derecognised and credited to the statement of comprehensive income in 2011.

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28 FINANCE COSTS

	Group					
	Continuing		Discontinued		Total	
	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Interest on bank loans and overdrafts	5	390	-	-	5	390
Interest on obligations under finance leases	31	14	-	-	31	14
	36	404	-	-	36	404

29 INCOME TAX EXPENSE

	Group					
	Continuing		Discontinued		Total	
	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax	806	1,088	-	-	806	1,088
Deferred tax (Note 18)	(17)	33	-	-	(17)	33
	789	1,121	-	-	789	1,121
(Over) Under provision in respect of prior years						
- current tax	(99)	(617)	-	-	(99)	(617)
- deferred tax	88	(153)	-	-	88	(153)
Tax expense	778	351	-	-	778	351

Domestic income tax is calculated at 17% (2011 : 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	
	2012	2011
	$'000	$'000
Profit before tax:		
Continuing operations	6,401	7,708
Discontinued operations	-	276
	6,401	7,984
Numerical reconciliation of income tax expense		
Income tax expense calculated at 17% (2011 : 17%)	1,088	1,357
Non-deductible items	73	80
Non-taxable items	(185)	(177)
Effect of utilisation of tax losses not recognised as deferred tax assets	(71)	(23)
Effect of different tax rate of subsidiaries operating in other jurisdictions	(10)	8
Tax exempt income	(108)	(137)
Others	2	13
	789	1,121
Overprovision in prior years - current tax	(99)	(617)
Under (Over) provision in prior years – deferred tax	88	(153)
Net	778	351

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29 INCOME TAX EXPENSE (cont'd)

Subject to agreement with the relevant tax authorities, the Group has unabsorbed tax losses of $14,904,000 (2011 : $15,115,000) available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of $2,534,000 (2011 : $2,569,000) have not been recognised in the financial statements due to unpredictability of future profit stream.

30 GAIN ON DISPOSAL OF A SUBSIDIARY

During the current year, the Company commenced liquidation of its wholly-owned subsidiary mDRL (M) Sdn. Bhd.

Details of the disposal are as follows:

	2012 $'000	2011 $'000
Book values of net assets over which control was lost		
Current assets		
Trade and other receivables	2	-
Current liabilities		
Trade and other payables	(63)	-
Net liabilities derecognised	(61)	-
Total consideration, satisfied by cash	-	-
Gain on disposal:		
Consideration received	-	-
Net liabilities derecognised	61	-
Reclassification of currency translation reserve	33	-
Gain on disposal (Note 25)	94	-

31 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 in 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.

31 DISCONTINUED OPERATIONS (cont'd)

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

	Group	
	2012	2011
	$'000	$'000
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating income	-	-
Administrative expenses	-	(3)
Other operating expenses [(1)]	-	107
Finance costs	-	-
Profit before tax	-	104
Income tax expense	-	-
Profit for the year	-	104
Gain arising from de-consolidation of disposed subsidiaries	-	172
Profit for the year attributable to owners of the Company	-	276

[(1)] In 2011, included in other operating expenses was a loss of $16,000 representing exchange differences (Note 26).

Details of the disposal are as follows:

	2012	2011
	$'000	$'000
Book values of net assets over which control was lost		
Current assets		
Cash and bank balances	-	3
Trade and other receivables	-	16
Total current assets	-	19
Current liabilities		
Trade and other payables	-	(30)
Net liabilities derecognised	-	(11)
Total consideration, satisfied by cash	-	-
Gain on disposal:		
Consideration received	-	-
Net liabilities derecognised	-	11
Non-controlling interest derecognised	-	153
Reclassification of currency translation reserve	-	8
Gain on disposal	-	172

In 2011, discontinued operations contributed a surplus of $168,000 to the Group's net operating cash flows and paid $3,000 in respect of investing activities and had no transactions in financing activities.

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32 PROFIT FOR THE YEAR

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

	Group					
	Continuing		Discontinued		Total	
	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation and amortisation:						
Depreciation of plant and equipment	1,116	1,017	-	-	1,116	1,017
Reversal of impairment of plant and equipment	-	-	-	(34)	-	(34)
Total depreciation and amortisation	1,116	1,017	-	(34)	1,116	983
Directors' remuneration:						
- of the Company	646	697	-	-	646	697
- of the subsidiaries	-	-	-	-	-	-
Total directors' remuneration	646	697	-	-	646	697
Directors' fees	224	237	-	-	224	237
Employee benefits expense (including directors' remuneration):						
Share-based payments equity settled	56	95	-	-	56	95
Defined contribution plans	1,178	1,182	-	-	1,178	1,182
Others	13,987	13,261	-	-	13,987	13,261
Total employee benefits expense	15,221	14,538	-	-	15,221	14,538
Audit fees paid to the auditors of the Company	178	215	-	-	178	215
Non-audit fees paid to the auditors of the Company	146	77	-	-	146	77
Impairment loss on financial assets:						
Reversal of doubtful trade receivables	-	(13)	-	(72)	-	(85)
Allowance for (reversal of) doubtful other receivables	-	49	-	(17)	-	32
Total (reversal of) impairment loss on financial assets	-	36	-	(89)	-	(53)
Net foreign exchange losses	45	58	-	16	45	74

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33 DIVIDENDS

On May 22, 2012, a dividend of $0.028 cents per share (total dividend of $2,076,000) was paid to shareholders. There was no dividend paid in 2011.

In respect of the current year, the directors propose that a dividend of $2.1 million be paid to shareholders on May 22, 2013. 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, 2013.

As at the date that the Company made its Full Year Results Announcement on February 27, 2013, on the basis that no warrants are converted and no employee share options are exercised before May 8, 2013, the dividend per share will be 0.024 cents for the proposed dividend of $2.1 million. However, if all outstanding warrants of 4,111,491,263 and employee share options of 12,213,000 are converted and exercised respectively before May 8, 2013, the dividend per share will be reduced to approximately 0.016 cents per share for the proposed dividend of $2.1 million.

34 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	
	2012	**2011**
	$'000	**$'000**
Earnings for the purposes of basic earnings per share and diluted earnings per share (Profit for the year attributable to owners of the Company)	5,516	6,994

Number of shares

	Group	
	2012	**2011**
Weighted average number of ordinary shares for the purposes of basic earnings per share	7,306,161,886	4,713,100,079
Effect of dilutive potential ordinary shares:		
Share options	23,540,561	-
Warrants	3,073,563,143	-
Convertible loan notes	-	11,111,111
Weighted average number of ordinary shares for the purposes of diluted earnings per share	10,403,265,590	4,724,211,190

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

Notes to Financial Statements

December 31, 2012

34 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	
	2012	2011
	$'000	$'000
Profit for the year attributable to owners of the Company	5,516	6,994
Less:		
Profit for the year from discontinued operations	-	276
Earnings for the purposes of basic earnings per share and diluted earnings per share from continuing operations	5,516	6,718

From discontinued operations

In 2011, basic earnings per share and diluted earnings per share for the discontinued operations were 0.01 cents per share, based on the profit for the year from the discontinued operations of $276,000 and denominators detailed above for both basic and diluted earnings per share.

35 GUARANTEES (UNSECURED)

a) The Group has outstanding banker's guarantee amounting to $2,000,000 (2011 : $2,000,000) issued in favour of an equipment principal, entered in the normal course of business and under supply agreements. In 2011, this was supported by a corporate guarantee from the Company and secured by fixed deposits of $2,000,000 (Note 6).

b) A subsidiary has issued a corporate guarantee amounting to $2,000,000 (2011 : $2,000,000) in favour of an equipment principal for a supply agreement entered into by a related company.

c) The Group has outstanding banker's guarantee amounting to $1,000,000 (2011 : $Nil) issued in favour of an operator, entered in the normal course of business and under service agreements.

36 COMMITMENTS

	Group	
	2012	2011
	$'000	$'000
Commitments for the acquisition of plant and equipment	-	101

37 OPERATING LEASE ARRANGEMENTS

	Group	
	2012	2011
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense during the year	6,746	7,441

37 OPERATING LEASE ARRANGEMENTS (cont'd)

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

	Group	
	2012	2011
	$'000	$'000
Within one year	6,791	6,503
In the second to fifth year inclusive	3,235	4,320
	10,026	10,823

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.

38 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
2012						
Segment revenue						
External	28,144	291,540	-	319,684	-	319,684
Inter-segment	-	-	-	-	-	-
	28,144	291,540	-	319,684	-	319,684
Segment result	(849)	6,134	-	5,285	-	5,285
Rental income	-	1,080	-	1,080	-	1,080
Gain from disposal of a subsidiary	94	-	-	94	-	94
Net foreign exchange loss				(45)	-	(45)
Gain on disposal of plant and equipment				23	-	23
Finance costs				(36)	-	(36)
Net profit for the year				6,401	-	6,401
Income tax expense				(778)	-	(778)
Net profit for the year				5,623	-	5,623
Segment assets	18,564	56,000	-	74,564	-	74,564
Segment liabilities	(6,385)	(18,170)	(1,708)	(26,263)	-	(26,263)
Other segment information						
Capital expenditure	391	804	-	1,195	-	1,195
Depreciation	185	931	-	1,116	-	1,116

Notes to Financial Statements

December 31, 2012

38 SEGMENT INFORMATION (cont'd)

	Group					
	Continuing				Discontinued	
	AMS	DMS	Unallocated	Total	AMS	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2011						
Segment revenue						
External	20,022	336,985	-	357,007	-	357,007
Inter-segment	-	-	-	-	-	-
	20,022	336,985	-	357,007	-	357,007
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	87	930	-	1,017	-	1,017
Reversal of impairment loss on plant and equipment	-	-	-	-	(34)	(34)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year 2012 and 2011.

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.

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.

38 SEGMENT INFORMATION (cont'd)

All assets are allocated to reportable segments.

Geographical information

	Revenue from external customers	
	2012	2011
	$'000	$'000
Singapore	318,432	355,091
Malaysia	1,252	1,916
Continuing operations	319,684	357,007
Discontinued operations (Note 31)	-	-
	319,684	357,007

	Non-current assets	
	2012	2011
	$'000	$'000
Singapore	5,191	5,441
Malaysia	2	19
Continuing operations	5,193	5,460
Discontinued operations	-	-
	5,193	5,460

Information about major customers

Included in revenues arising from After-Market Services are revenues of $27,218,000 (2011 : $16,784,000) and $432,000 (2011 : $1,820,000) which arose from sales to the segment's two major customers.

Included in revenues arising from Distribution Management Solutions are revenues of $32,325,000 (2011 : $34,724,000) and $22,674,000 (2011 : $20,923,000) which arose from sales to the segment's two major customers.

39 EVENTS AFTER THE REPORTING PERIOD

On January 16, 2013, the Company incorporated MDR Myanmar Co. Ltd. in Myanmar which it has 51% equity interest.

On March 8, 2013, the Company signed a Framework Agreement for the proposed acquisition of the businesses and assets of Shenzhen Quanli Leather Co., Ltd and Quanli (Hong Kong) Leather Company. The Company also signed a Sales and Purchase Agreement for the acquisition of the entire issued and paid up share capital of Pixio Sdn Bhd.

Notes to Financial Statements

December 31, 2012

40 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of comprehensive income and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Group	
	Previously reported	After reclassification
	2011	2011
	$'000	$'000
Revenue	357,160	357,007
Other operating income	1,914	2,067

Statistics of Shareholdings

AS AT 20 MARCH 2013

Number of Issued and Paid Up Capital	:	S$135,278,346.61
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	225	1.95	77,557	0.00
1,000 - 10,000	1,821	15.81	11,838,424	0.14
10,001 - 1,000,000	8,678	75.31	1,770,584,842	20.60
1,000,001 AND ABOVE	799	6.93	6,811,878,227	79.26
TOTAL	11,523	100.00	8,594,379,050	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	597,637,750	6.95
2	BANK OF SINGAPORE NOMINEES PTE LTD	553,899,496	6.44
3	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	401,238,564	4.67
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	361,376,109	4.20
5	LIM CHIN TONG	253,385,185	2.95
6	DBS NOMINEES PTE LTD	217,768,196	2.53
7	CHONG SHIN LEONG	185,000,000	2.15
8	MAYBANK KIM ENG SECURITIES PTE LTD	176,558,480	2.05
9	TAN HOR THYE	161,092,337	1.87
10	RAFFLES NOMINEES (PTE) LIMITED	143,106,000	1.67
11	OCBC SECURITIES PTE LTD	129,628,209	1.51
12	TAN KAH BOH ROBERT	105,000,000	1.22
13	CIMB SECURITIES (SINGAPORE) PTE LTD	85,420,583	0.99
14	PHILLIP SECURITIES PTE LTD	83,416,331	0.97
15	KOH KOW TEE MICHAEL	80,000,000	0.93
16	HO SENG TUCK	74,300,000	0.86
17	CITIBANK NOMINEES SINGAPORE PTE LTD	68,634,275	0.80
18	DB NOMINEES (SINGAPORE) PTE LTD	67,926,458	0.79
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	64,229,980	0.75
20	KORDAMENTHA PTE LTD	60,000,000	0.70
	TOTAL	3,869,617,953	45.00

Statistics of Shareholdings

AS AT 20 MARCH 2013

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 20 March 2013

Name	Direct Interest	%	Deemed Interest	%
Ong Ghim Choon	443,986,666 [1]	5.16	-	-

[1] Held through his nominee, Bank of Singapore Nominees Pte Ltd.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Approximately 92.86% of the Company's shares are held by the public and Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Statistics of Warrantholdings

AS AT 20 MARCH 2013

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 - 999	77	7.09	39,035	0.00
1,000 - 10,000	42	3.87	255,400	0.01
10,001 - 1,000,000	745	68.60	224,269,720	5.48
1,000,001 AND ABOVE	222	20.44	3,868,423,108	94.51
TOTAL	1,086	100.00	4,092,987,263	100.00

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	856,770,256	20.93
2	BANK OF SINGAPORE NOMINEES PTE LTD	434,186,664	10.61
3	CHONG SHIN LEONG	375,000,000	9.16
4	CIMB SECURITIES (SINGAPORE) PTE LTD	331,240,332	8.09
5	DB NOMINEES (SINGAPORE) PTE LTD	141,363,596	3.45
6	UOB KAY HIAN PRIVATE LIMITED	111,320,000	2.72
7	WONG KINGCHEUNG KEVIN	100,984,000	2.47
8	KOH KOW TEE MICHAEL	95,000,000	2.32
9	MAYBANK KIM ENG SECURITIES PTE LTD	77,866,992	1.90
10	KORDAMENTHA PTE LTD	60,000,000	1.47
11	NEO BAN CHUAN	60,000,000	1.47
12	LIM SONG TENG	56,850,000	1.39
13	KWOK MEE HUANG	50,000,000	1.22
14	SAMUEL NG CHEE YONG (SAMUEL WU ZHIYONG)	45,378,736	1.11
15	LAU HWEE BENG	40,000,000	0.98
16	OCBC SECURITIES PTE LTD	32,535,996	0.79
17	DBS NOMINEES PTE LTD	31,027,980	0.76
18	GOH SOO SIAH	30,000,000	0.73
19	TEO NYAM YOEN	26,800,000	0.65
20	PHILLIP SECURITIES PTE LTD	21,372,324	0.52
	TOTAL	2,977,696,876	72.74

WARRANTS THAT ARE HELD BY DIRECTORS

NO.	NAME	NO. OF WARRANTS	%
1	Ong Ghim Choon	433,986,664 [1]	10.60
2	Mah Kah On	10,000,000	0.24

[1] Held through his nominee, Bank of Singapore Nominees Pte Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of mDR Limited ("the Company") will be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Friday, 26 April 2013 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 2012 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 2012 (2011: S$2,076,000).
[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 Philip Eng Heng Nee **(Resolution 3)**

   (Mr Philip Eng Heng Nee will, upon re-election as a Director of the Company, remain as Chairman of the Board of Directors and Nominating Committee. Mr Eng will also remain as a member of the Audit and Remuneration Committees and will be considered independent.)

   Mr Mah Kah On **(Resolution 4)**

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

4. To approve the payment of up to S$259,000 as Directors' fees for the year ending 31 December 2013, to be paid quarterly in arrears (2012: S$224,000). **(Resolution 5)**

5. 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 6)**

6. 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 resolution as Ordinary Resolution, with or without any modifications:

7. **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);

Notice of Annual General Meeting

(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 7)**

By Order of the Board

Chiang Chai Foong
Company Secretary
Singapore, 11 April 2013

Notice of Annual General Meeting

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 2013 is 8,609,429,382. 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 0.024 cents. However, if all outstanding warrants of 4,077,936,931 and employee share options of 12,213,000 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 7 in item 7 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.

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 instead of him/her. 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 2013 after 5.00 p.m. to 9 May 2013 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 2013 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 2013 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the Twelfth Annual General Meeting to be held on 26 April 2013, will be paid on 22 May 2013.

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, ______________________________ NRIC/Passport No. ______________________

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 Twelfth Annual General Meeting (the "Meeting") of the Company to be held on 26 April 2013 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 2012		
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 2012		
3	Re-election of Mr Philip Eng Heng Nee as a Director		
4	Re-election of Mr Mah Kah On as a Director		
5	Approval of Directors' fees of up to S$259,000 for the year ending 31 December 2013, to be paid quarterly in arrears		
6	To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration		
7	Authority to issue new shares		

Dated this __________ day of ____________________ 2013

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 instead of him/her. 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 the 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

mDR Limited
53 Ubi Crescent
Singapore 408594