MDR Limited

annual report **09**

Consolidation
and **building** on our **strengths**

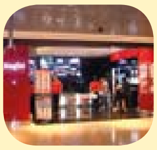






Our **vision**

is to be a leader in distribution, retail and after-market services for high technology products







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Corporate Profile

mDR Limited ("mDR" or the "Company") is an established distributor and retailer ("DMS") of mobile telecommunication devices and mobile related services. It also provides after market services ("AMS") for mobile devices, IT and consumer electronic products.

In our DMS business, we have been an established provider of distribution management solutions for mobile telecommunication equipment and mobile related services since April 2004. There are two major divisions in the DMS business, the distribution and retail business. We distribute major mobile phone brands such as Nokia, Samsung, Sony Ericsson and LG in Singapore to local retailers and dealers, as well as through our own retail outlets and franchised stores. We manage one of the largest mobile phone retail networks in Singapore comprising Nokia stores, multi-brand stores managed by us operating under the shop branding "Handphone Shop", "3Mobile" and "Mobilephone Megastore", as well as franchised stores.

In AMS, we offer a comprehensive suite of integrated after-sales customer services including customer relationship management and technical services management on behalf of our partners to their end consumers. We currently represent global brands such as Samsung, Sony Ericsson, Philips and Panasonic in the AMS business.

Chairman's Statement

> **"Consolidation and building on our strengths"**

On the broader global economic and financial front, the world started 2009 full of uncertainties and fear, amidst the very real possibility of a worldwide financial meltdown and a recession to rival that of the Great Depression of the 1930s. The outlook for Asia was less bleak, but Singapore was not spared the effects of the economic crisis, and started 2009 as a country in recession.

Against the backdrop of such challenging economic uncertainties, the mDR Group faced a difficult year in 2009. However, our entrenched strengths in the various sectors of our business, especially in the distribution and retail businesses, and the tenacity, grit and determination of our staff to succeed, stood us on solid ground, and we managed to ride out the year with credible operating profits, especially in the DMS business.

Let me share with you some of the key developments in the Group for 2009, and key changes implemented to consolidate and strengthen our operational strengths.

DMS OPERATIONS

Despite the poor retail outlook in 2009 as Singapore was in the midst of a recession and therefore resulting in curtailed consumer spending, the DMS business registered an improved operating performance in 2009, compared to that of 2008.

DMS revenue registered a 12.7% decline to $205 million in 2009 as compared to 2008, the result of a conscious effort to reduce the low margin distribution and trading activities, particularly in the first quarter of 2009, when economic conditions were highly uncertain and consumer demand extremely weak.

We focused our efforts on improving our margins both at the distribution and retail sectors. As a result, excluding non-cash charges of $1.6 million, DMS achieved operating profits before tax of $3.6 million in 2009, a significant improvement from 2008's operating profits of $0.3 million.

We continued to cement our strong working relationships with our principals, mobile phone manufacturers, channel partners and dealers. We also continued to strengthen our retail network and channels, and in July 2009, we launched our iconic retail outlet at ION Orchard. In a first in the mobile phone industry, our ION Orchard retail outlet houses all the key mobile phone brands' specialized boutiques, together with a major telecommunication operator under one roof. Today, DMS manages one of the largest mobile phone retail networks in Singapore, and is continuously introducing new and creative concepts in mobile phone retailing.

AMS OPERATIONS

At the AMS division, we continued to streamline the division's internal corporate structure and business units to reduce costs and to maximize our returns. With the expiry of our contract with Vodafone in Australia, we decided to exit our Australian operations. Our contract with Motorola in India has also ceased, and steps will be taken to liquidate the operations in 2010.

The AMS Singapore operations continue to be the mainstay of our AMS business, and in 2009, we took steps to further streamline and cut operational costs, and to negotiate with our principals for more competitive service rates. We will continue to monitor and review the AMS business model and network to improve our yields in the business, and to ensure that we continue to provide quality after-market services for our principals.

CORPORATE OFFICE RESTRUCTURING

As part of the Group's continuing efforts to streamline its corporate costs, a major restructuring of the corporate office was carried out in August 2009.

Mr Tong Choo Cherng and Mr Low Hwee Chiak stepped down as Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") respectively on

18 August 2009, after having served the Group for 4½ years. With their resignations, the Board decided to streamline the management structure of the Group, and appointed Mr Ong Ghim Choon and Ms Doris Wee to the management team at mDR.

Mr Ong and Ms Wee assumed the role of Deputy CEO and CFO respectively of mDR on 18 August 2009; prior to their appointment at mDR, they were the CEO and CFO of DMS. Mr Ong has assumed the position of CEO from 1 February 2010. To take advantage of the streamlined corporate structure, the Group also relocated its corporate office from CJ GLS Building in Toh Guan Road to 53 Ubi Crescent, the principal place of operations for the DMS business. The corporate office restructuring in 2009 resulted in substantial personnel and administrative cost savings for the Group as a whole.

BANK RESTRUCTURING

In 2009, the Group repaid $4.5 million of its total convertible bonds of $12 million as at 31 December 2008. We are in the midst of restructuring the payment of the balance bonds of $7.5 million and overdraft facilities of $8.9 million with our lenders. We target to conclude the negotiations with our lenders by first quarter of 2010, and to achieve a structured repayment plan of the Group's debts in accordance with our cashflow generation and repayment ability, in order to bring a level of financial stability to the Group and to allow us to continue as a going concern.

2009 REVIEW

In 2009, both the AMS and DMS divisions posted an improvement in their operating performance. The corporate office restructuring and disciplined cost management practices resulted in an improvement of AMS operations by $1.4 million. The operating profits of $3.6 million in the DMS division for 2009 also helped to boost the operating performance of the Group.

However, we had also taken a realistic and conservative look at our investments and had provided for impairment of goodwill of $3.2 million. Net non-cash charges of $1.3 million resulted in the Group posting a net loss of $2.6 million for 2009. Excluding these non-cash items, net loss for the Group was at $1.3 million for 2009. Comparatively, the Group posted net loss of $3.7 million in 2008, excluding non-cash charges of $20.7 million.

OUTLOOK AND PROSPECTS

Upon the successful restructuring of our banking facilities and with the restructured and leaner group operations, and our proven stable DMS distribution and retail businesses, we expect to produce better yields in 2010 for the Group.

We will continue to capitalize on our strengths, and as one of the market leaders in the mobile phone distribution and retail business, we will endeavor to widen our product range and offerings and to leverage on our extensive retail network to increase the overall business performance for the Group. Whilst we are on the lookout for new and complementary businesses, one of our top priorities in 2010 will be to further stabilize and firmly anchor those areas of businesses that we are strong in and have a competitive advantage, so as to ensure that steady and consistent growth from these sectors can be delivered every year.

NOTE OF APPRECIATION

During the year, we saw some Board changes. We welcome Mr Ong Ghim Choon, who joined us as Executive Director on 18 August 2009.

Mr Chan Soo Sen stepped down as Independent Director on 15 May 2009, while Mr Tong Choo Cherng stepped down as CEO and Executive Director on 18 August 2009. I would like to take this opportunity to thank them for their commitment and contributions to the Group.

I would also like to thank my fellow Directors for their continual commitment, and for providing valuable insights and expertise to the Group. The Board will continue to be proactive and contribute constructively to the Group.

Our management team, and especially our staff, have been a pillar of strength all these years, and their commitment, drive and loyalty to the Group will continue to be one of our key assets.

We appreciate the strong and unwavering support of our principals, business partners and lenders, and their commitment to work with us to grow our business.

As for our shareholders, we appreciate your understanding and indulgence, and we seek your continued support as we work hard to bring the Group to a stable and sustainable level of growth and profitability.

PHILIP ENG HENG NEE
Chairman

DMS Group Retail Network

Singtel Exclusive Retailer

Parkway Parade
80 Marine Parade Road
#B1-153
S (449269)
Tel: 6348 7533

Compass Point S.C.
1 Seng Kang Square
#02-32
S (545078)
Tel: 6489 0761

Ang Mo Kio Central
Blk 726 Ave 6
#01-4162
S (560726)
Tel: 6554 1493

VivoCity
1 HabourFront Walk
#01-171/172/173/174
S (098585)
Tel: 6376 8289

Ion Orchard
2 Orchard Turn
#B3-33
S (238801)
Tel: 6509 8716

City Square Mall
180 Kitchener Road
#B1-22
S (208539)
Tel: 6509 8861

Suntec City Mall
3 Temasek Boulevard
#02-056
S (038983)
Tel: 6333 1579

Tampines Mart
No.11 Tampines Mart
St 32 #01-02A
S (529287)
Tel: 6781 8355

Bedok Central
Blk 211 New Upper
Changi Road #01-747
S (460211)
Tel: 6448 5892

Junction 8 S.C.
9 Bishan Place
#02-32
S (579837)
Tel: 6352 9530

Jurong Point S.C.
1 Jurong West Central 2
#03-25A
S (648884)
Tel: 6795 1961

Parkway Parade
80 Marine Parade Road
#B1-31/32
S (449269)
Tel: 6345 1033

Ion Orchard
2 Orchard Turn
#B3-34
S (238801)
Tel: 6509 8083

The Verge
2 Serangoon Road
#01-05
S (218227)
Tel: 6297 8513

Loyang Point
Blk 258 Pasir Ris St 21
#02-341
S (510258)
Tel: 6581 0266

Hougang Mall
90 Hougang Ave 10
#04-17
S (538766)
Tel: 6285 6301

IMM
2 Jurong East St 21
IMM Building #02-02
S (609601)
Tel: 6552 6388

VivoCity
1 Harbourfront Walk
#02-08
S (098585)
Tel: 6376 8102

Fusionpolis
1 Fusionpolis Way
The Connexis #B1-26
S (138632)
Tel: 6467 5977

Jurong East
Blk 132 Jurong East St 13
#01-283
S (600132)
Tel: 6569 6118

Jurong West
Blk 501 Street 51
#01-271
S (640501)
Tel: 6567 5165

Ang Mo Kio
Blk 704 Ang Mo Kio Ave 8
#01-2547
S (560704)
Tel: 6456 5758

Thomson Plaza
310 Upper Thomson Road
#01-77
S (574408)
Tel: 6452 4882

Pearl Centre
101 Upper Cross St
#01-26
S (058357)
Tel: 6324 0811

Clementi Central
Blk 449 Clementi Ave 3
#01-263
S (120449)
Tel: 6873 2511

Ang Mo Kio Hub
53 Ang Mo Kio Ave 3
#01-17/ 18
S (569933)
Tel: 6753 3822

West Coast Plaza
154 West Coast Road
#B1-38
S (127371)
Tel: 6775 9188

Boon Lay S.C
Blk 221 Boon Lay Place
#01-116
S (640221)
Tel: 6265 6020

Century Square
2 Tampines Central 5
#05-22
S (529509)
Tel: 6787 3403

Queensway S.C.
1 Queensway
#01-42
S (149053)
Tel: 6475 5206

Great World City
1 Kim Seng Promenade
#02-38
S (237994)
Tel: 6235 1134

Bedok South
Blk 18 Bedok South Road
#01-77
S (460018)
Tel: 6244 3808

Yishun
Blk 293 Yishun St.22
#01-251
S (760293)
Tel: 6754 7594

Geylang
315 Geylang Road
S (389354)
Tel: 6446 0618

Ang Mo Kio
Blk 727 Ang Mo Kio Ave 6
#01-4250
S (560727)
Tel: 6451 5451

Funan DigitaLife Mall
109 North Bridge Road
#01-11
S (179097)
Tel: 6339 4340

Suntec City Mall
3 Temasek Boulevard
#02-092
S (038985)
Tel: 6337 0618

Pasir Ris NTUC Resort (Downtown East)
1 Pasir Ris Close
#01-09A/B
S (519599)
Tel: 6583 6266

DMS Group Retail Network

M1 Exclusive Distributor

Ang Mo Kio Central
Blk 726 Ave 6
#01-4162
S (560726)
Tel: 6458 7259

West Coast Plaza
154 West Coast Road
#B3-15A
S (127371)
Tel: 6777 9752

Suntec City Mall
3 Temasek Boulevard
#02-054
S (038983)
Tel: 6333 6222

Toa Payoh HDB Hub
Blk 190 Lorong 6 Toa Payoh
#01-548
S (310190)
Tel: 6358 2268

Causeway Point S.C.
1 Woodlands Square
#03-24/25/26
S (738099)
Tel: 6877 2268

Lot 1 Shoppers' Mall
21 Choa Chu Kang Ave 4
#B1-18
S (689812)
Tel: 6767 2268

Junction 8 S.C.
9 Bishan Place
#02-30
Junction 8 Shopping Centre
Tel: 6254 0800

The Verge
2 Serangoon Road #01-03
S (218227)
Tel: 6396 4650

Hougang Festival Market
1 Hougang St. 91
#01-05
S (538092)
Tel: 6384 2088

VivoCity
1 Harbourfront Walk
#02-26
S (098585)
Tel: 6376 8026

Great World City
No.1 Kim Seng Promenade
#02-36
S (237994)
Tel: 6235 1665

Century Square S.C.
2 Tampines Central 5
#04-14A
S (529509)
Tel: 6784 8079

Yishun (Chong Pang)
Blk 101 Yishun Ave 5
#01-89
S (760101)
Tel: 6257 0318

Clementi Central
Blk 449 Clementi Ave 3
#01-263
S (120449)
Tel: 6779 2122

ION Orchard
2 Orchard Turn
#B1-03
S (238801)
Tel: 6884 5936

Bedok Central
Blk 211 Bedok Central
#01-747
S (460211)
Tel: 6245 2268

City Square Mall
180 Kitchener Road
#B2-50
S (208539)
Tel: 6509 9683

Century Square S.C.
2 Tampines Central
#04-07/08
S (529509)
Tel: 6789 2218

Funan DigitaLife Mall
109 North Bridge Road
#01-K8
S (179097)
Tel: 6334 9083

Jurong Point S.C
1 Jurong West Central 2
#03-19
S (648886)
Tel: 6792 2228

White Sands S.C.
1 Pasir Ris Central St. 3
#03-22
S (518457)
Tel: 6585 2388

Taman Jurong S.C.
Blk 399 Yung Sheng Road
#01-47
S (610399)
Tel: 6264 8348

Bukit Panjang Plaza
1 Jelebu Road
#01-13
S (677743)
Tel: 6763 7637

Bedok Central
Blk 214
#01-161
S (460214)
Tel: 6245 0343

Toa Payoh Central
Blk 183
#01-284
S (310183)
Tel: 6235 2138

Samsung Mobile Plaza

Plaza Singapura
68 Orchard Road
#B2-23
S (238839)
Tel: 6884 8591

Jurong Point II
63 Jurong West Central
#B1-87/88
S (648886)
Tel: 6861 0125

Board of **Directors**

Philip Eng Heng Nee
Chairman

Philip Eng is our Chairman; he was appointed to our Board on 1 June 2005 and was re-elected on 31 May 2006 and subsequently on 25 April 2008. Mr. Eng is also Deputy Chairman of MCL Land Limited and a Non-Executive Chairman of Frasers Centrepoint Asset Management Ltd. He is the Director of Chinese Development Assistance Council, Hektar Asset Management Sdn. Bhd., NTUC Income, OpenNet Pte Ltd, Singapore Health Services Pte Ltd, The Hour Glass Limited and Hup Soon Global Corporation Limited. He is also Commissioner of PT Adira Dinamika Multi Finance Tbk, in Indonesia. Currently, 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

Ong Ghim Choon is our Executive Director and Chief Executive Officer. He was appointed to our Board on 18 August 2009. Mr Ong is also 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

Mah Kah On is our Independent Non-Executive Director. He was appointed to our Board on 9 September 2005 and re-elected on 30 April 2009. 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 till 30 June 2005, when he retired. Mr Mah is qualified as a 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

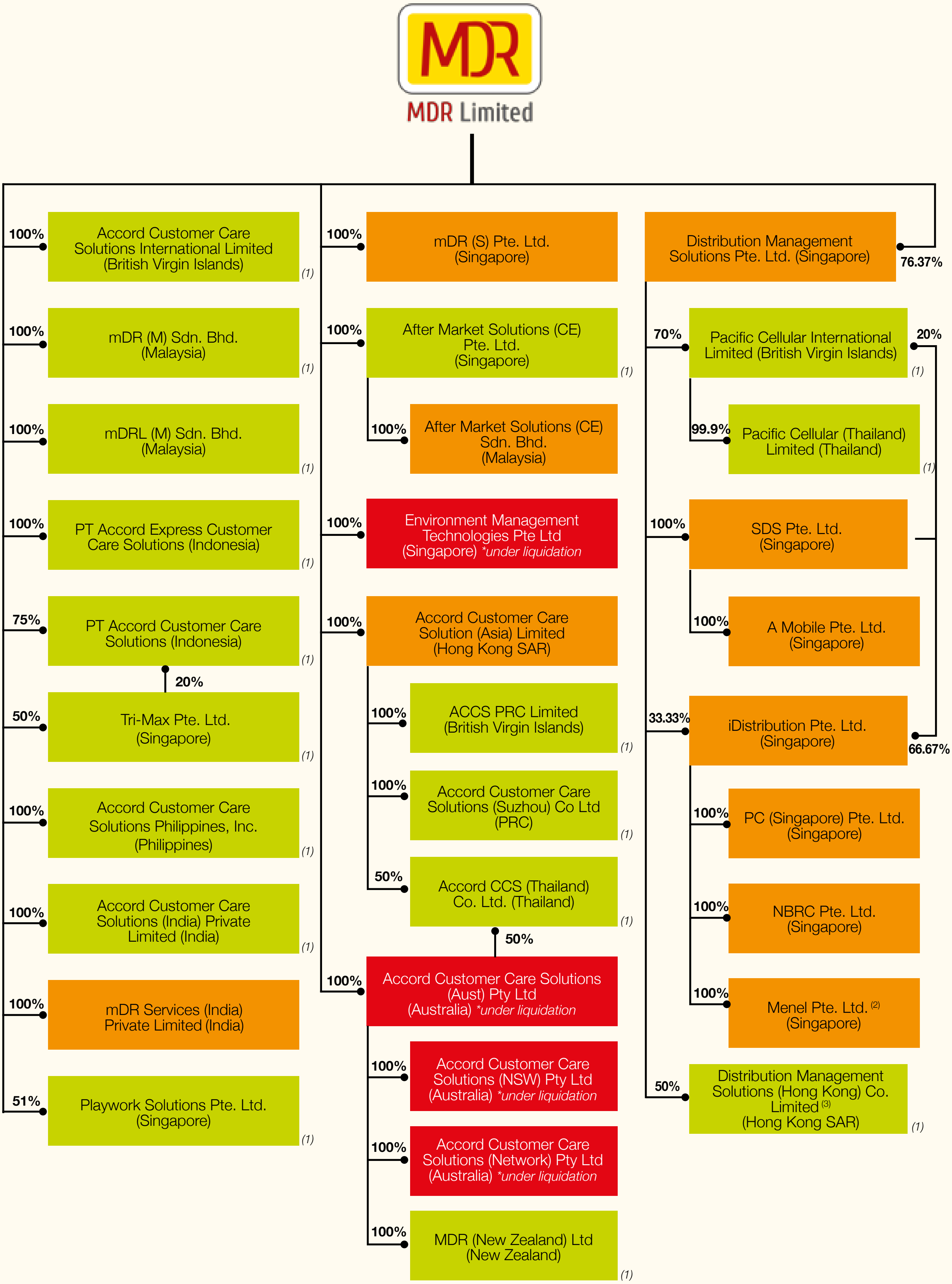
Tham Khai Wor is our Independent Non-Executive Director. He was appointed to our Board on 6 October 2006. Mr Tham retired in 2005 from Singapore Press Holdings, the largest media organization in the region. In his 33 years with Singapore Press Holdings, Mr Tham held a number of key senior positions including his last appointment as Senior Executive Vice President, Marketing. He was also a member of the Singapore Press Holdings management and executive committees and held various directorships in its subsidiaries. Mr Tham's knowledge and experience in the publishing of newspapers and magazines, media, advertising and marketing is well known in the region. He was actively involved with the advancement of the printing, advertising and publishing industries, and was the

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

For all his contributions to advertising and media, he was awarded the prestigious Max Lewis Award for Excellence in 2005. Mr Tham is presently a company director and principal consultant in marketing, business development, strategic brand management and media relations. His clients include SPH, AIG-AIA, SC Global, Mercedes Benz, Cycle and Carriage, TSMP and Singapore Pools.

Group **Structure**

(As at 31 December 2009)



(1) All subsidiaries denoted with a footnote (1) are currently dormant.
(2) Menel Pte. Ltd. has changed its name to 3 Mobile Telecom Pte Ltd with effect from 1 April 2010.
(3) Distribution Management Solutions (Hong Kong) Co. Ltd has subsequently been deregistered on 29 January 2010.

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Corporate Governance

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

BOARD 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.

To assist the Board in the execution of its responsibilities, the Board has established 3 committees, namely, the Audit Committee, Nomination Committee and Remuneration Committee, 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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 18 August 2009, Mr Philip Eng and Mr Ong Ghim Choon were appointed by the Board as the Interim Chief Executive Officer and Deputy Chief Executive Officer respectively after the resignation of ex-Chief Executive Officer Mr Tong Choo Cherng. Subsequent to the financial year 2009, Mr Ong was promoted to Chief Executive Officer on 1 February 2010. The Board confirms that there is no concentrated power in the hands of one individual.

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 executive responsibility of the Company's business are divided to ensure a balance of power and authority.

BOARD COMPOSITION AND BALANCE

As at the date of this Report, the Board comprises four Directors. The Non-Independent and Executive Directors are Mr Philip Eng Heng Nee and Mr Ong Ghim Choon. Mr Mah Kah On and Mr Tham Khai Wor are the Independent and Non-Executive Directors. This percentage of independent directors is above the one-third ratio recommended under the Code.

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

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

The Nomination Committee 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.

ACCESS TO INFORMATION

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

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

The Company Secretary attends all Board and Board committee meetings unless there is a valid reason for excusing himself from any meeting, in which case a representative will attend in his absence. The Company Secretary helps to ensure that board procedures are followed and relevant rules and regulations are complied with.

NOMINATION COMMITTEE ("NC")

As at the date of this Report, the Company's NC comprises three Directors, the majority of whom are independent. They are Mr Philip Eng Heng Nee (NC Chairman), Mr Mah Kah On and Mr Tham Khai Wor. The NC Chairman is not directly or indirectly associated with any substantial shareholder of the Company.

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 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.

Corporate Governance

AUDIT COMMITTEE ("AC")

As at the date of this Report, the Company's AC comprises three Directors, the majority of whom are independent. They are Mr Mah Kah On (AC Chairman), Mr Philip Eng Heng Nee and Mr Tham Khai Wor. Each AC member has many years of experience in management expertise to discharge the AC's functions.

The role of the AC includes, inter alia, reviewing the quarterly and full-year financial statements prior to submission to the Board, reviewing the independence and objectivity of the external auditors and reviewing 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.

INTERNAL AUDIT

The Company's internal audit department ("IA") is an independent function that reports directly to the AC on audit matters and to the Chief Executive Officer on administrative matters. The AC reviews the IA's reports and its activities on a quarterly basis. The AC also reviews and approves the annual internal audit plans and resources to ensure that the IA 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.

In the light of restructuring of the Company's resources, the Company has since the fourth quarter of 2009 outsourced the internal audit function to a firm of accountants who specializes in carrying out internal audit review on behalf of listed companies.

REMUNERATION COMMITTEE ("RC")

As at the date of this Report, the Company's RC comprises three Directors, the majority of whom are independent of management and free from any business or other relationship, which may materially interfere with the exercise of their independent judgment. They are Mr Tham Khai Wor (RC Chairman), Mr Philip Eng Heng Nee and Mr Mah Kah On.

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

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.

Procedures for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure of 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 Senior Management's compensation annually and determine appropriate adjustments, review and recommend the Chief Executive Officer's pay adjustments; and

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

The RC 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 packages include a performance-related variable bonus, and also share options which have been designed to align his interests with the shareholders'. The Chairman's remuneration is not performance-related and is paid as a director's fee. The Chairman is also entitled to share options under the ESOS. Directors' fees are recommended by the Board for approval at the Company's Annual General Meeting.

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.

Directors' Compensation Table for the Financial Year Ended 31 December 2009:

	Fees [(1)] (%)	Salary (%)	Bonus [(2)] (%)	Other Benefits [(3)] (%)	Total (%)	ESOS (No. of options)
S$500,000 to S$750,000						
Tong Choo Cherng		40	11	49	100	6,716,428
S$250,000 to S$500,000						
Ong Ghim Choon		71	9	20	100	5,000,000
Below S$250,000						
Philip Eng Heng Nee	100				100	12,326,000
Mah Kah On	100				100	
Tham Khai Wor	100				100	
Chan Soo Sen	100				100	

(1) These fees are subject to approval by shareholders as a lump sum at the Annual General Meeting for FY2009.
(2) Includes Annual Wage Supplement and Variable Bonus.
(3) Include employers' CPF, allowance and car benefits.

The terms of appointment of the Chairman of the Board, Mr Philip Eng Heng Nee, are set out in an appointment letter from the Company to him. His remuneration essentially comprises a director's fee of S$120,000 for each financial year and share options under the ESOS. Pursuant to his appointment letter, Mr Philip Eng Heng Nee is entitled to 0.73% of the total issued share capital of the Company.

The Non-Executive Directors do not have appointment letters from the Company. Their terms of appointment and office are specified in the Articles. The remuneration package for each of the Non-Executive Independent Directors essentially comprises a director's fee of S$30,000 for FY2009.

As discussed and accepted by the RC on the director's fee for FY2009:

a) Mr Philip Eng has decided to reduce his director's fee to S$60,000 for FY2009; and

b) The director's fee for each of the Non-Executive Independent Directors for FY2009 shall be S$30,000.

The Chairman and members of the various Board committees also receive the following additional fees to take into account their additional responsibilities:-

Appointment	Additional fee for each financial year (S$)
Audit Committee chairman	20,000
Audit Committee member	10,000
Nomination Committee chairman	5,000
Nomination Committee member	2,500
Remuneration Committee chairman	5,000
Remuneration Committee member	2,500

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.

The Company has entered into a Service Agreement dated 1 January 2010 with Mr Ong Ghim Choon. Under the Service Agreement, Mr Ong was appointed as Deputy Chief Executive Officer and subsequently promoted to Chief Executive Officer of the Company on 1 February 2010. The appointment can be terminated by either party on the giving of six months' notice. The Service Agreement will also terminate automatically in the event of his death and may be terminated immediately by the Company without prior notice on the occurrence of certain specified events, amongst other things, serious or persistent breach of obligations, grave misconduct and bankruptcy.

Save as disclosed above, there are no existing or proposed service contracts or appointment letters between the Company or its subsidiaries and any of its Directors.

There are no existing or proposed service contracts 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.

KEY EXECUTIVES' REMUNERATION

Key Executives' Remuneration Table for the Financial Year Ended 31 December 2009:

	Salary %	Bonus [1] %	Other benefits [2] %	Total %	ESOS (no of options)
Below S$250,000					
Cholan s/o P. Alagumalai	95		5	100	1,200,000
Kwa Hian Djoe	70	9	21	100	500,000
Ng Eng Ming, Peter	66	8	26	100	500,000
Ong Ghim Chwee	65	8	27	100	500,000
Siua Cheng Foo, Richard	95		5	100	1,964,285
Wee Swee Neo, Doris	85	11	4	100	500,000

(1) Includes Annual Wage Supplement and Variable Bonus.
(2) Include employers' CPF, allowance and car benefits.

There are no employees who are immediate family members of a Director or the Chief Executive Officer, whose remuneration exceeds S$150,000 during FY2009.

ACCOUNTABILITY AND AUDIT
COMMUNICATION WITH SHAREHOLDERS
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.

The Company's investor relation function is supported by its in-house corporate affairs department and/or outsourced on an ad hoc basis to an external public relations firm to assist in its communication with its investors, the media, analysts and the public. All shareholders of the Company receive the Company's annual report and notice of Annual General Meeting. 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 separately passed at general meetings.

The Company has yet to amend its Articles to provide for absentia voting as this method is elaborate and costly, and the need for it presently does not arise.

Corporate Governance

BEST PRACTICES GUIDE AND DEALINGS IN SECURITIES

Notwithstanding that compliance with the SGX-ST's Best Practices Guide is not mandatory, the Company is committed to adopt and abide by it.

The Company has adopted an internal code pursuant to the SGX-ST Best Practices Guide and made it applicable to all its officers in relation to their dealings in the Company's securities.

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

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

For FY2009, the Directors' attendances at Board and committee meetings are as follows:

Number of meetings attended expressed as a ratio of total number of meetings held in FY2009

Directors	Board Meetings	AC Meetings	NC Meetings	RC Meetings
Philip Eng Heng Nee	8 of 8	4 of 4	2 of 2	3 of 3
Mah Kah On	8 of 8	4 of 4	2 of 2	3 of 3
Tham Khai Wor	7 of 8	3 of 4	1 of 2	2 of 3
Chan Soo Sen(1)	4 of 8	2 of 4	1 of 2	2 of 3
Tong Choo Cherng(2)	6 of 8	-	-	-
Ong Ghim Choon(3)	2 of 8	-	-	-

(1) Mr Chan Soo Sen ceased to be the chairman and member of the NC, member of the AC, as well as member of the RC upon his resignation as a Director with effect from 15 May 2009.

(2) Mr Tong Choo Cherng resigned as the Director and Chief Executive Officer with effect from 18 August 2009. Mr Tong Choo Cherng is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.

(3) Mr Ong Ghim Choon was appointed as a Director with effect from 18 August 2009. Mr Ong Ghim Choon is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.

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.

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy where all Interested Person Transactions will be documented and submitted at least 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, either as at the end of the financial year ended 31 December 2009 or since the end of the financial year ended 31 December 2008 save for the transactions below: -

Two lease agreements were entered into by the Group with Pacific Organisation Pte Ltd, in which company a director has an interest. Under the agreements, the Group shall pay a rental amount of S$35,643 per month for the use of two premises commencing from April 2008 to December 2010.

IMPLEMENTATION OF WHISTLE-BLOWING POLICY

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

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, 2009.

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	(Appointed on August 18, 2009)

During the financial year and up to the date of this report, the following directors resigned as directors of the Company:

Chan Soo Sen	(Resigned on May 15, 2009)
Tong Choo Cherng	(Resigned on August 18, 2009)

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 at the date of this report are:

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

During the financial year and end of year to the date of this report, the following members resigned from the Audit Committee:

Chan Soo Sen	(Resigned on May 15, 2009)

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;

c) the quarterly, half-yearly and annual announcements on the results and the financial position of the Company and the Group;

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

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

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

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

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

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

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in name of director		
Name of directors and companies in which interests are held	At beginning of year or date of appointment, if later	At December 31, 2009	At January 21, 2010
mDR Limited			
<u>- Options granted</u>			
Philip Eng Heng Nee	12,326,000	12,326,000	12,326,000
Ong Ghim Choon	5,000,000	5,000,000	5,000,000
Distribution Management Solutions Pte Ltd			
<u>- Ordinary shares</u>			
Ong Ghim Choon	33,333,320	33,333,320	33,333,320

5 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

6 SHARE OPTIONS

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

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

During the financial year and up to the date of this report, the following directors resigned from the Remuneration Committee:

Chan Soo Sen	(Resigned on May 15, 2009)

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%. In the event that options are issued at a discount, such options may be exercised only after the second anniversary from the date of the grant of the option.

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

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

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

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

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

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

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

d) The share options granted and exercised during the financial year and share options outstanding as at December 31, 2009 under the 2003 Scheme were as follows:

	Number of share options					
Grant date	Balance at January 1, 2009	Issued	Lapsed/ cancelled	Balance at December 31, 2009	Exercise price per share	Exercisable period
					$	
September 17, 2003	1,388,566	-	(732,856)	655,710	0.3111	September 17, 2004 to September 16, 2013
April 14, 2004	10,298,555	-	(1,562,139)	8,736,416	0.5063	April 14, 2005 to April 13, 2014
September 22, 2005	11,238,000	-	-	11,238,000	0.1206	September 22, 2006 to September 21, 2010
January 10, 2008	1,088,000	-	-	1,088,000	0.0550	January 10, 2009 to January 9, 2013
May 13, 2008	22,000,000	-	(12,500,000)	9,500,000	0.0300	May 13, 2009 to May 12, 2018
Total	46,013,121	-	(14,794,995)	31,218,126		

Particulars of the options granted in 2003, 2004, 2005 and 2008 under the scheme were set out in the Report of the Directors for the financial year ended December 31, 2003, December 31, 2004, December 31, 2005 and December 31, 2008.

During 2009, in respect of options granted to employees of the Group, a total of Nil (2008 : 17,000,000) were granted during the financial year, making it a total of 26,970,693 options granted to employees of the Group from the commencement of the Scheme to the end of the financial year.

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, 2009	Aggregate options exercised since commencement of the Scheme to December 31, 2009	Aggregate options outstanding at December 31, 2009	Percentage of total number of options outstanding at December 31, 2009
Philip Eng Heng Nee	-	12,326,000	-	12,326,000	39%
Ong Ghim Choon	-	5,000,000	-	5,000,000	16%

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

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

7 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

April 6, 2010

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 26 to 82 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, 2009, 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, after considering the measures taken by the Group relating to the uncertainties described in Note 1(d) to the financial statements regarding going concern, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Philip Eng Heng Nee

Ong Ghim Choon

April 6, 2010

Independent Auditors' Report

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, 2009, 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 26 to 82.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Singapore Companies Act, Cap. 50 (the "Act") and the Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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.

Basis of Qualified Opinion

As described in Note 11 to the financial statements, we have not received the audit clearance for certain subsidiaries that are under liquidation for consolidation purposes as the respective audits of those subsidiaries have not been performed as of the date of this report. In addition, certain subsidiaries contributing $680,000 loss to the Group for the year ended December 31, 2009 and representing $ 31,000 to net assets of the Group as at December 31, 2009 were audited by another firm of auditors. We were unable to satisfy ourselves that the other auditors have performed the audit in accordance with Singapore Standards on Auditing and that the financial statements are suitable for inclusion in the Group financial statements. Further adjustments and/or disclosures may have to be made to the accompanying financial statements in the event that an audit of these subsidiaries is conducted under Singapore Standards on Auditing.

Qualified Opinion

Except for the effects of such adjustments and/or disclosures, if any, on the accompanying financial statements, of the matters described in the basis of qualified opinion paragraph, 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, 2009 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Opinion on accounting and other records

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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(d) of the financial statements wherein the management has disclosed the issues relating to the Group's and the Company's ability to continue as going concerns due to material uncertainties associated with the proposed debt restructuring. In the event that the Group and the Company are unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets. No adjustments have been made in the financial statements in respect of this.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Cheung Pui Yuen
Partner
Appointment on October 3, 2005

Singapore
April 6, 2010

Statements of Financial Position

December 31, 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
ASSETS					
Current assets					
Cash and bank balances	6	10,895	9,815	492	443
Trade receivables	7	27,348	28,505	6,072	6,897
Other receivables and prepayments	8	4,503	6,573	9,065	11,937
Inventories	9	10,964	8,557	330	306
Total current assets		53,710	53,450	15,959	19,583
Non-current assets					
Investment in associates	10	-	-	-	-
Investment in subsidiaries	11	-	-	10,002	15,483
Plant and equipment	12	2,040	3,637	114	414
Other investments	13	-	-	-	-
Goodwill on consolidation	14	-	3,087	-	-
Other goodwill	15	2,350	2,500	-	-
Total non-current assets		4,390	9,224	10,116	15,897
Total assets		58,100	62,674	26,075	35,480
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdrafts	16	8,850	8,893	2,203	2,215
Convertible loan notes	17	8,050	12,850	8,050	12,850
Fair value adjustment on convertible loan notes	17	813	3,866	813	3,866
Trade payables	18	15,628	12,840	558	660
Other payables	19	12,917	13,993	11,505	10,275
Current portion of finance leases	20	-	14	-	-
Income tax payable		1,490	692	-	-
Total current liabilities		47,748	53,148	23,129	29,866
Non-current liabilities					
Finance leases	20	-	-	-	-
Deferred tax liabilities	21	237	214	-	-
Total non-current liabilities		237	214		

Statements of Financial Position

December 31, 2009

		Group		Company	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Capital, reserves and minority interests					
Share capital	23	104,466	99,894	104,466	99,894
Capital redemption reserve		22	22	22	22
Share options reserve	24	1,836	2,161	1,836	2,161
Foreign currency translation reserve		2,974	4,289	-	-
Accumulated losses		(101,719)	(99,655)	(103,378)	(96,463)
Equity attributable to owners of the Company		7,579	6,711	2,946	5,614
Minority interests		2,536	2,601	-	-
Total equity		10,115	9,312	2,946	5,614
Total liabilities and equity		58,100	62,674	26,075	35,480

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2009

	Note	2009	2008
		$'000	$'000
Continuing operations			
Revenue	25	226,262	260,811
Cost of sales	26	(197,663)	(231,124)
Gross profit		28,599	29,687
Other operating income	27	472	4,245
Administrative expenses		(19,664)	(25,462)
Other operating expenses	28	(13,293)	(23,909)
Changes in fair value of convertible loan notes designated as fair value through profit or loss		2,960	(4,195)
Finance cost	29	(892)	(1,212)
Loss before income tax		(1,818)	(20,846)
Income tax (expense) credit	30	(2,581)	1,208
Loss for the year from continuing operations		(4,399)	(19,638)
Discontinued operations			
Profit (Loss) for the year from discontinued operations	32	1,773	(4,763)
Loss for the year	31	(2,626)	(24,401)
Other comprehensive income			
Exchange differences on translation of foreign operations		(1,315)	3,500
Other comprehensive income for the year, net of tax		(1,315)	3,500
Total comprehensive income for the year		(3,941)	(20,901)
Loss for the year attributable to:			
Owners of the Company		(2,561)	(23,036)
Minority interests		(65)	(1,365)
		(2,626)	(24,401)
Total comprehensive income attributable to:			
Owners of the Company		(3,876)	(19,536)
Minority interests		(65)	(1,365)
		(3,941)	(20,901)
Loss per share (cents):			
From continuing and discontinued operations:			
- Basic	33	(0.12)	(1.33)
- Diluted	33	(0.12)	(1.33)
From continuing operations:			
- Basic	33	(0.20)	(1.06)
- Diluted	33	(0.20)	(1.06)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2009

	Share capital	Capital redemption reserve	Share options reserve	Foreign currency translation reserve	Accumulated losses	Attributable to owners of the Company	Minority interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance at January 1, 2008	98,055	22	3,015	789	(77,786)	24,095	3,781	27,876
Total comprehensive income for the year	-	-	-	3,500	(23,036)	(19,536)	(1,365)	(20,901)
Reversal of expenses related to equity-settled share-based payment (Note 24)	-	-	(1,167)	-	1,167	-	-	-
Recognition of share-based payments (Note 24)	-	-	313	-	-	313	-	313
Effects of acquisition of interest in subsidiaries	-	-	-	-	-	-	392	392
Convertible loan notes – Fair value loss (Note 23)	329	-	-	-	-	329	-	329
Issue of shares upon conversion of convertible loan notes (Note 23)	2,150	-	-	-	-	2,150	-	2,150
Expenses in relation to conversion of convertible loan notes to shares (Note 23)	(640)	-	-	-	-	(640)	-	(640)
Minority interest on non-wholly owned subsidiary disposed	-	-	-	-	-	-	(207)	(207)
Balance at December 31, 2008	99,894	22	2,161	4,289	(99,655)	6,711	2,601	9,312
Total comprehensive income for the year	-	-	-	(1,315)	(2,561)	(3,876)	(65)	(3,941)
Reversal of expenses related to equity-settled share-based payment (Note 24)	-	-	(497)	-	497	-	-	-
Recognition of share-based payments (Note 24)	-	-	172	-	-	172	-	172
Convertible loan notes – Fair value loss (Note 23)	93	-	-	-	-	93	-	93
Issue of shares upon conversion of convertible loan notes (Note 23)	4,800	-	-	-	-	4,800	-	4,800
Expenses in relation to conversion of convertible loan notes to shares (Note 23)	(321)	-	-	-	-	(321)	-	(321)
Balance at December 31, 2009	104,466	22	1,836	2,974	(101,719)	7,579	2,536	10,115

Statements of Changes in Equity

Year ended December 31, 2009

	Share capital $'000	Capital redemption reserve $'000	Share option reserve $'000	Accumulated losses $'000	Total $'000
Company					
Balance at January 1, 2008	98,055	22	3,015	(83,359)	17,733
Reversal of expenses related to equity-settled share-based payment (Note 24)	-	-	(1,167)	1,167	-
Recognition of share-based payments (Note 24)	-	-	313	-	313
Total comprehensive income for the year	-	-	-	(14,271)	(14,271)
Convertible loan notes – Fair value loss (Note 23)	329	-	-	-	329
Issue of shares upon conversion of convertible loan notes (Note 23)	2,150	-	-	-	2,150
Expenses in relation to conversion of convertible loan notes to shares (Note 23)	(640)	-	-	-	(640)
Balance at December 31, 2008	99,894	22	2,161	(96,463)	5,614
Reversal of expenses related to equity-settled share-based payment (Note 24)	-	-	(497)	497	-
Recognition of share-based payments (Note 24)	-	-	172	-	172
Total comprehensive income for the year	-	-	-	(7,412)	(7,412)
Convertible loan notes – Fair value loss (Note 23)	93	-	-	-	93
Issue of shares upon conversion of convertible loan notes (Note 23)	4,800	-	-	-	4,800
Expenses in relation to conversion of convertible loan notes to shares (Note 23)	(321)	-	-	-	(321)
Balance at December 31, 2009	104,466	22	1,836	(103,378)	2,946

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2009

	2009	2008
	$'000	$'000
Operating activities		
Loss before income tax	(50)	(25,608)
Adjustments for:		
Depreciation expense	1,107	1,510
Interest expense	892	1,212
Interest income	(26)	(48)
Loss on disposal of plant and equipment	560	293
Allowance for impairment of plant and equipment	246	80
Allowance for inventories	396	877
Charge (Reversal) of allowance on trade receivables	588	(503)
Charge (Reversal) of allowance on other receivables	779	(775)
Share-based payments	172	313
Impairment of other goodwill	150	5,574
Impairment of goodwill on consolidation	3,087	8,568
Reversal of restructuring cost	-	(2,000)
Loss on disposal of subsidiaries (Note 32)	2,384	751
Changes in fair value of convertible loan notes designated as fair value through profit or loss	(2,960)	4,195
Liabilities written back	(105)	(248)
Operating cash flows before movements in working capital	7,220	(5,809)
Trade receivables	(12)	4,801
Other receivables and prepayments	1,291	196
Inventories	(2,922)	7,058
Trade payables	(2,720)	(5,376)
Other payables	1,794	(4,354)
Cash generated from (used in) operations	4,651	(3,484)
Income tax paid	(1,755)	(526)
Interest received	26	48
Net cash from (used in) operating activities	2,922	(3,962)
Investing activities		
Investment in subsidiary	-	(408)
Proceeds from disposal of plant and equipment	478	149
Purchase of plant and equipment	(930)	(2,051)
Net cash used in investing activities	(452)	(2,310)

Consolidated Statement of Cash Flows

Year ended December 31, 2009

	2009	2008
	$'000	$'000
Financing activities		
Interest paid	(892)	(1,212)
Repayment of convertible loan notes	(4,500)	(11,612)
Repayment of finance leases	(14)	(112)
Expenses on issue of share capital	(321)	(640)
Cash pledged	101	86
Proceeds from issuance of convertible loan notes	4,500	15,000
Net cash (used in) from financing activities	(1,126)	1,510
Net decrease in cash and cash equivalents	1,344	(4,762)
(Overdrawn) Cash and cash equivalents at beginning of year	(894)	368
Effect of foreign exchange rate changes	(120)	3,500
Cash and cash equivalents (Overdrawn) at end of financial year(Note A)	330	(894)

Notes to the consolidated statement of cash flows

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

	2009	2008
	$'000	$'000
Cash (Note 6)	10,895	9,815
Bank overdrafts (Note 16)	(8,850)	(8,893)
Less: Cash pledged (Note 6)	(1,715)	(1,816)
Cash and cash equivalents (Overdrawn)	330	(894)

See accompanying notes to financial statements.

1 GENERAL AND GOING CONCERN ASSUMPTION

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 ("SGX-ST"). The financial statements are expressed in Singapore dollars.

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

c) The principal activities of the associates and subsidiaries are described in Notes 10 and 11 to the financial statements respectively.

d) The Group has failed to comply with one of its debt covenants pursuant to the convertible bonds agreements and as a result the loan facilities are repayable on demand and have been disclosed as current liability in these financial statements. The Group is currently in the final stages of negotiation with its lenders on a debt restructuring arrangement, whereby the Group would repay the loans over a period of 5 years on an instalment basis with effect from January 31, 2010. The lenders have indicated that they require more time to come to an agreement to the Group's proposed debt restructuring plan. Notwithstanding this, the Group has commenced instalment payments to the lenders with effect from January 31, 2010, and these repayments are in accordance with the Group's proposed instalment plan whilst they deliberate on the Group's debt restructuring proposal, and, accordingly, the management are of the view that it is appropriate to prepare the financial statements of the Group and Company on a going concern basis.

However, failure by the Group to obtain the lenders' consent to its proposed debt restructuring arrangement represents a material uncertainty and casts a significant doubt upon the Group's and the Company's ability to continue as a going concern.

e) 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, 2009 were authorised for issue by the Board of Directors on April 6, 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, 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, 2009. 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 years except as disclosed below:

FRS 1 – *Presentation of Financial Statements (Revised)*

FRS 1 (2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amendments to FRS 107 *Financial Instruments: Disclosures – Improving Disclosure about Financial Instruments*

The amendments to FRS 107 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

FRS 108 – *Operating Segments*

The Group adopted FRS 108 with effect from January 1, 2009. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (FRS 14 Segment Reporting) required an entity to identify two sets of segments (Business and Geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 108, the Group's reportable segments and certain expanded disclosures have been provided (Note 36).

The comparatives have been restated to conform to the requirements of FRS 108.

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:

FRS 24 (Revised) *Related Party Disclosures*

FRS 24 (Revised) *Related Party Disclosures* is effective for annual periods beginning on or after January 1, 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity. In addition, the revised Standard provides partial exemption for government-related entities, in relation to the disclosure of transactions, outstanding balances and commitments. Where such exemptions apply, the reporting entity has to make additional disclosures, including the nature of the government's relationship with the reporting entity and information on significant transactions or group of transactions involved. In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

FRS 27 (Revised) *Consolidated and Separate Financial Statements*; and FRS 103 (Revised) *Business Combinations*

Improvement to Financial Reporting Standards (issued in June 2009)

Consequential amendments were also made to various standards as a result. 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 except for the following:

FRS 27 (Revised) *Consolidated and Separate Financial Statements; and FRS 103 (Revised) Business Combinations*

FRS 27 (Revised) is effective for annual periods beginning on or after July 1, 2009. FRS 103 (Revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Apart from matters of presentation, the principal amendments to FRS 27 that will impact the Group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of such impact will depend on the detail of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Similarly, FRS 103 is concerned with accounting for business combination transactions. The changes to the Standard are significant, but their impact can only be determined once the detail of future business combination transactions is known. The amendments to FRS 103 will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of 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 or up to the effective date of disposal, as appropriate.

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

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

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Notes To Financial Statements

December 31, 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

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.

Financial assets

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 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 these financial instruments "at fair value through profit or loss".

Trade and other receivables

Trade 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.

Other investments

Investment in unquoted bonds and unquoted equity shares are measured at cost, less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and fixed deposits and bank overdrafts that are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets 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.

For all other financial assets, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

<u>Derecognition of financial assets</u>

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

Financial liabilities and equity instruments

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

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

<u>Equity instruments</u>

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

<u>Bank borrowings (except convertible loan notes)</u>

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. Borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

<u>Financial liabilities</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities at fair value through profit or loss (FVTPL)

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

A financial liability is classified as held for trading if:

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

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

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

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

Other 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.

Embedded derivatives

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

INVENTORIES – Inventories consist principally of handphone spare parts, accessories and handphone sets that are stated at the lower of cost (determined on a first-in, first-out basis) and net realisable value. Cost comprises the cost of direct materials. 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 33⅓%
Other plant and equipment	-	10% to 20%
Motor vehicles	-	18% to 33⅓%
Furniture, fittings and renovations	-	10% to 33⅓%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, 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 on the acquisition of a subsidiary or a business represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or purchased business recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or purchased business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the statements of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred a legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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 (excluding the effect of non market-based vesting conditions) at the date of grant. 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 shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions, behavioural considerations.

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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.

Rendering of services

Revenue from rendering of after-market services, including retrofit services and repair management fee 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.

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

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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).

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 of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange 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 on 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 dollars 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 classified in other comprehensive income and transferred to the Group's translation reserve (attributed to minority interest, as appropriate). Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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 except for the following:

As discussed in Note 1(d) to the financial statements, the Group has concluded that the combination of circumstances represent a material uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern. However, after considering the measures taken and the uncertainties described in Note 1(d), the Group and Company believe that it has adequate resources to continue its operations as a going concern.

For these reasons, they continue to adopt the going concern basis in preparing 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 goodwill on consolidation and 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 goodwill on consolidation and other goodwill at the end of the reporting period was $Nil and $2.35 million (2008 : $3.1 million and $2.5 million) respectively. Details of the impairment loss calculation are provided in Notes 14 and 15 to the financial statements.

<u>Allowance for inventory obsolescence</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, 2009 is disclosed in Note 9 to the financial statements.

<u>Recoverability of other receivables</u>

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, 2009 and made additional of allowance for doubtful other receivables of $0.9 million (2008 : reversal of provision for doubtful other receivables of $2.02 million) (Note 8).

<u>Impairment of investments in subsidiaries</u>

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	41,944	44,034	15,124	18,750
Financial liabilities				
Amortised cost	37,395	35,740	14,266	13,150
Fair value through profit and loss	8,863	16,716	8,863	16,716

(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 transacts business in various foreign currencies, including Euro and US dollars, and therefore is exposed to foreign exchange risk. This risk is managed through natural hedges as revenue and sales denominated in foreign currency are partly matched with corresponding costs in the same foreign currency.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities functional currencies at the reporting date are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollars	(697)	(19,847)	562	27,454	(351)	(166)	20,037	21,133
Euro	(178)	(3,762)	170	1,013	(102)	(103)	107	278
Chinese Renminbi	(8)	(104)	152	42	-	-	-	-
Thai Baht	(126)	(6)	215	-	(69)	(30)	273	268
Australian dollars	(10)	(20,949)	-	3,595	-	-	-	-

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)

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the Singapore dollar against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis also includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the relevant foreign currency weakens by 5% against the functional currency, loss will increase (decrease) by:

	US Dollar Impact		Euro Impact		Chinese Renminbi Impact		Thai Baht Impact		Australia Dollar Impact	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Profit and loss	7	380	-	(137)	7	(3)	4	-	(1)	(868)
Company										
Profit and loss	984	1,048	-	9	-	-	10	-	-	-

If the relevant foreign currency strengthens by 5% against the functional currency, loss will increase (decrease) by:

	US Dollar Impact		Euro Impact		Chinese Renminbi Impact		Thai Baht Impact		Australia Dollar Impact	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Profit and loss	(7)	(380)	-	137	(7)	3	(4)	-	1	868
Company										
Profit and loss	(984)	(1,048)	-	(9)	-	-	(10)	-	-	-

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)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure from the movements in foreign currency balances for the following reasons:

(a) This is mainly attributable to the exposure outstanding on receivables and payables at the end of the reporting period in the Group.

(b) This is mainly attributable to the exposure to outstanding US dollar intercompany receivables at the year end.

(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.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group and Company's loss for the year ended December 31, 2009 would increase/decrease by $85,000 and $52,000 (2008 : $109,000 and $75,000) respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with recognised and creditworthy counterparties. The Group's exposure of its counterparties are continuously monitored.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. The exposure to credit risk is monitored on an on-going basis.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade receivables are disclosed in Note 7.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

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

(iii) Credit risk management (cont'd)

The Group performs ongoing credit evaluations of its customers' financial conditions and generally does not require collateral. This evaluation includes assessing and valuation of customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligation as at the end of the financial period in relation to each class of recognised financial assets in the carrying amount of those assets stated in the statement of financial position.

Cash and fixed deposits are held with creditworthy financial institutions.

(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 managing 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.

However, as a consequence of the general economic environment, the Group has stepped up its liquidity risk management approach as compared to prior periods as outlined below:

- liquidity forecasts are produced on a daily basis to ensure utilisation of current forecast is optimised.
- the management continually assesses the balance of capital and debt funding of the Group.

Liquidity and interest risk analyses

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

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

(iv) Liquidity risk management (cont'd)

Financial liabilities

	Average effective interest rate	On demand or within 1 year	1 to 5 years	Over 5 years	Adjustment (*)	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2009						
Trade and other payables	-	28,545	-	-	-	28,545
Variable interest rate instrument	5.91 to 5.96	9,373	-	-	(523)	8,850
Convertible loan notes	1.5 to 3.75	9,153	-	-	(290)	8,863
2008						
Trade and other payables	-	26,833	-	-	-	26,833
Variable interest rate instrument	4.95 to 6.36	10,109	-	-	(1,216)	8,893
Finance lease liability (fixed rate)	2.8	14	-	-	-	14
Convertible loan notes	1.5 to 3.75	17,179	-	-	(463)	16,716
Company						
2009						
Trade and other payables	-	12,063	-	-	-	12,063
Variable interest rate instruments	5.91 to 5.92	2,333	-	-	(130)	2,203
Convertible loan notes	1.5 to 3.75	9,153	-	-	(290)	8,863
2008						
Trade and other payables	-	10,935	-	-	-	10,935
Variable interest rate instruments	5.4 to 6.1	2,342	-	-	(127)	2,215
Convertible loan notes	1.5 to 3.75	17,719	-	-	(463)	17,256

* 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/ liability in the statement of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

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

(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						
2009						
Trade and other receivables	-	31,049	-	-	-	31,049
Fixed interest rate instruments	0.5	10,904	-	-	(9)	10,895
2008						
Trade and other receivables	-	34,219	-	-	-	34,219
Fixed interest rate instruments	1.0	9,832	-	-	(17)	9,815
Company						
2009						
Trade and other receivables	-	14,632	-	-	-	14,632
Fixed interest rate instruments	-	492	-	-	-	492
2008						
Trade and other receivables	-	18,307	-	-	-	18,307
Fixed interest rate instruments	-	443	-	-	-	443

* 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/ 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.

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

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

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

(v) Fair value of financial assets and financial liabilities

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

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

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

(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 debt, which includes the borrowings disclosed in Notes 16 and 17, cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated loss.

The Group's risk management committee reviews the capital structure on an on-going basis and given the current economic environment and trading conditions in the Group, management is reviewing its capital structure. The Group's overall strategy remains unchanged from 2008.

The Group manages its capital to ensure that it will able to continue as a going concern, to maximise the return to stakeholders through the optimisation of the debt and equity balance, and to ensure that all externally imposed capital requirements are complied with.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Notes 16 and 17, issued capital, reserves and accumulated losses. The Group is required to maintain a minimum interest service coverage in order to comply with a covenant in a loan agreement with the banks.

The Group's risk management committee reviews the capital structure on an on-going basis and given the current trading conditions and liquidity position in the Group, management is in process of negotiating with banks to restructure debts and accordingly review its capital structure.

As disclosed in Note 17, the Group has not complied with one of the financial covenant which has resulted in the outstanding amount of $7,500,000 in convertible bonds becoming repayable on demand. The management is currently in negotiation with its lenders on a debt restructuring arrangement (Note 1d).

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

5 RELATED PARTY TRANSACTIONS (CONT'D)

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	
	2009	2008
	$'000	$'000
Nature of transactions		
Companies with common directors:		
Expenses paid on behalf of the Company	212	223
Rental expenses	426	-

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	
	2009	2008
	$'000	$'000
Short-term benefits	1,466	1,055
Post-employment benefits	41	22
Share-based payments	154	137

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

6 CASH AND BANK BALANCES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash and bank balances	9,156	8,072	492	443
Fixed deposits	1,739	1,743	-	-
	10,895	9,815	492	443
Shown as:				
Cash and bank balances	9,180	7,999	492	342
Cash pledged	1,715	1,816	-	101
	10,895	9,815	492	443

6 CASH AND BANK BALANCES (CONT'D)

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of one year or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest at an average rate of 0.50% (2008 : 1.00%) per annum and for a tenure of 1 to 365 days. Cash and bank balances are pledged with a bank for a credit line and in connection with credit facilities granted by certain banks in 2008 (Note 16).

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
United States dollars	47	118	23	9
Thai Baht	4	-	-	-

7 TRADE RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Outside parties	28,405	29,999	758	1,591
Subsidiaries (Note 11)	-	-	5,328	5,391
	28,405	29,999	6,086	6,982
Less: allowances for doubtful trade receivables - outside parties	(1,057)	(1,494)	(14)	(85)
	27,348	28,505	6,072	6,897

Movement in allowances (Note a):

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
At beginning of year	1,494	2,636	85	165
Charge (Reversal) to profit and loss (Note 28)	588	(503)	(69)	-
Written off during the year	(1,025)	(639)	(2)	(80)
At end of year	1,057	1,494	14	85

a) This allowance has been determined by reference to past default experience.

The average credit period on sales of goods is 30 days (2008 : 30 days). The Group has made specific allowances for receivables based on historical experiences that majority receivables that are past due beyond 90 days are generally not recoverable.

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 26% (2008: 18%) of the Group's trade receivables were due from 3 major customers who are based in Singapore.

7 TRADE RECEIVABLES (CONT'D)

a) This allowance has been determined by reference to past default experience. (cont'd)

In determining the recoverability of a trade receivable 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 concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the allowance for doubtful debts.

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Not past due and not impaired	17,984	22,403	5,874	6,897
Past due but not impaired (i)	9,364	6,102	198	-
	27,348	28,505	6,072	6,897
Impaired receivables - individually assessed (ii)	1,057	1,494	14	85
Less: Allowance for doubtful debts	(1,057)	(1,494)	(14)	(85)
Total trade receivables, net	27,348	28,505	6,072	6,897

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(i) Aging of receivables that are past due but not impaired				
31 to 60 days	6,213	3,105	97	-
61 to 90 days	1,821	884	-	-
>91 days	1,330	2,113	101	-
Total	9,364	6,102	198	-

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

The Company's trade receivables due from subsidiaries are interest-free and repayable on demand. The Company has not made any provision as the management is of the view that these receivables are recoverable.

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
United States dollars	514	3,976	2,664	2,314
Euro	169	496	207	278

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Accrued interest receivable	6	13	-	-
Deposits	1,845	2,003	73	94
Prepayments	802	859	505	527
Outside parties	2,119	3,151	1	1,287
Staff advances	16	12	-	-
	4,788	6,038	579	1,908
Associates (Note 10)	3,399	3,399	-	-
Related parties (Note 5)	1,895	1,966	1,872	1,932
Due from minority shareholders of a subsidiary	208	186	-	-
Subsidiaries (Note 11)	-	-	63,830	64,575
	10,290	11,589	66,281	68,415
Less: allowances for doubtful other receivables				
- subsidiaries	-	-	(57,216)	(56,478)
- others	(5,787)	(5,016)	-	-
	4,503	6,573	9,065	11,937

Movement in allowance:

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
At beginning of year	5,016	5,834	56,478	61,428
Charge (Reversal) to profit and loss (Note 28)	779	(775)	902	(2,019)
Written off during the year	(8)	(43)	(164)	(2,931)
At end of year	5,787	5,016	57,216	56,478

The amounts due from associates are unsecured, interest free and repayable on demand.

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
United States dollars	475	508	17,350	17,810
Euro	-	20	-	-
Thai Baht	-	-	273	268

9 INVENTORIES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Spare parts, accessories and consumables, carried at net realisable value after the following allowances	10,964	8,557	330	306
Movement in allowances:				
At beginning of year	2,135	2,238	241	-
Charge to profit and loss (Note 28)	396	877	4	241
Written off during the year	(1,430)	(980)	(235)	-
At end of year	1,101	2,135	10	241

10 INVESTMENT IN ASSOCIATES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	9,236	9,236	6,680	6,680
Provision for impairment	(9,236)	(9,236)	(6,680)	(6,680)
Net	-	-	-	-

Details of the associates are as follows:

Associates	Cost of investment		Proportion of ownership interest and voting power held		Principal activities/ Country of incorporation and operations
	2009	2008	2009	2008	
	$'000	$'000	%	%	
Held by Company:					
Tri-max Pte Ltd [1]	6,680	6,680	50	50	Investment holding/ Singapore
Held by subsidiaries:					
Distribution Management Solutions (Hong Kong) Co. Limited [2]	2,556	2,556	50	50	Provision of logistic services/ Hong Kong
Total - Group	9,236	9,236			

Notes:

(1) Audited by S. K. Cheong & Co., Singapore

(2) The effects of adoption of the equity method of accounting for the associate by way of note is not disclosed as the effect is immaterial.

11 INVESTMENT IN SUBSIDIARIES

	Company 2009 $'000	Company 2008 $'000
Unquoted equity shares, at cost	38,362	38,640
Provision for impairment	(28,360)	(23,157)
	10,002	15,483

Movement in provision for impairment:

	2009 $'000	2008 $'000
At beginning of year	23,157	13,591
Charge to profit and loss	5,481	12,708
Written off during the year	(278)	(3,142)
At end of year	28,360	23,157

In 2009, the Company 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 of $5,481,000 (2008 : $12,708,000) mainly 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 Company prepares cash flow forecast 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 estimated growth rates of 3% per annum. These rates do not exceed the average long-term growth rate of the relevant markets.

The pre-tax discount rate of 12.43% (2008 : 10.24% to 13.78%) has been applied to the cash flow forecast.

The principal activities of the subsidiaries are the provision of after-market services except for Distribution Management Solutions Pte. Ltd., whose principal activities are the provision of distribution management solutions for mobile communication devices and high-tech consumer products, investment holding and retailing of consumer electronic products.

Details of the subsidiaries are as follows:

Subsidiaries	Cost of investment 2009 $'000	Cost of investment 2008 $'000	Proportion of ownership interest and voting power held 2009 %	Proportion of ownership interest and voting power held 2008 %	Country of incorporation and operations
Accord Customer Care Solutions (Asia) Limited [(2)]	66	66	100	100	Hong Kong
mDRL (M) Sdn. Bhd. [(3)]	340	340	100	100	Malaysia

Notes To Financial Statements

December 31, 2009

11 INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Subsidiaries	Cost of investment		Proportion of ownership interest and voting power held		Country of incorporation and operations
	2009	2008	2009	2008	
	$'000	$'000	%	%	
Accord Customer Care Solutions Philippines, Inc. *	125	125	100	100	Philippines
Accord Customer Care Solutions International Limited (1)	(a)	(a)	100	100	British Virgin Islands
Accord Customer Care Solutions India Pvt Ltd (4)	4	4	100	100	India
Accord Customer Care Solutions (Aust) Pty Ltd (5) (9) **	6,390	6,390	100	100	Australia
After Market Solutions (CE) Pte Ltd (7)	(a)	(a)	100	100	Singapore
mDR Services India Pvt Ltd. (4)	5,038	5,038	100	100	India
Distribution Management Solutions Pte. Ltd. (7)	12,574	12,574	76	76	Singapore
PT. AccordExpress Customer Care Solutions *	198	198	100	100	Indonesia
P.T. Accord Customer Care Solutions *	5,997	5,997	75	75	Indonesia
mDR (S) Pte Ltd (7)	6,394	6,394	100	100	Singapore
mDR (M) Sdn. Bhd. (3)	828	828	100	100	Malaysia
mDR (HK) Limited * (10)	-	278	-	100	Hong Kong
Playwork Solutions Pte Ltd * (8)	408	408	51	51	Singapore
Environment Management Technology Pte Ltd (9)	(a)	-	100	-	Singapore
	38,362	38,640			

11 INVESTMENT IN SUBSIDIARIES (CONT'D)

	Proportion of ownership interest and voting power held		Country of incorporation and operations
	2009	2008	
	%	%	
Subsidiary of After Market Solutions (CE) Pte Ltd			
After Market Solutions (CE) Sdn Bhd (3)	100	100	Malaysia
Subsidiaries of Accord Customer Care Solutions (Asia) Limited			
Accord Customer Care Solutions PRC Limited *	100	100	British Virgin Islands
Accord Customer Care Solutions (Suzhou) Co., Ltd *	100	100	People's Republic of China
Accord CCS Thailand Co., Ltd * (6)	50	50	Thailand
Subsidiaries of Distribution Management Solutions Pte Ltd			
SDS Pte. Ltd.(formerly known asA-Club Mobile Pte. Ltd) (7)	76	76	Singapore
A-Mobile Pte. Ltd. (7)	76	76	Singapore
iDistribution Pte. Ltd. (7)	76	76	Singapore
Menel Pte. Ltd (7)	76	76	Singapore
Pacific Cellular International Limited (1)	68	68	British Virgin Islands
Pacific Cellular (Thailand) Limited *	68	68	Thailand
PC (Singapore) Pte. Ltd (7)	76	76	Singapore
NBRC Pte. Ltd. (7) (formerly known as Super Mobile Pte. Ltd)	76	76	Singapore
Subsidiaries of Accord Customer Care Solutions (Aust) Pty Ltd			
Accord Customer Care Solutions (Network) Pty Ltd (9) **	100	100	Australia
Accord Customer Care Solutions (NSW) Pty Ltd (9) **	100	100	Australia
Mobile phone repair.com NZ Limited (*)	100	100	New Zealand
Accord CCS Thailand Co., Ltd * (6) (also shown as subsidiary of Accord Cust. Care Solo (Asia) Ltd.)	50	50	Thailand

11 INVESTMENT IN SUBSIDIARIES (CONT'D)

Notes on cost

[a] Less than $1,000.

Auditors of subsidiaries for 2009:

[1] Deloitte & Touche LLP, Singapore for consolidation purposes.
[2] Mazars CPA Limited, Hong Kong.
[3] Moores Rowland, Malaysia.
[4] P. K. Gaur & Associates (These subsidiaries contributed $680,000 loss to the Group for the year ended December 31, 2009 and represented $31,000 to net assets of the Group as at December 31, 2009.)
[5] Mazars, Australia
[6] Amnuayporn Accounting Office Co., Ltd.
[7] Deloitte & Touche LLP, Singapore.
[8] S. K. Cheong & Co., Singapore.
[9] These subsidiaries have commenced liquidation.
[10] These subsidiaries have been deregistered during the year

* Management accounts used for consolidation purposes.
** As of the date of this report, the auditors of these subsidiaries that are under liquidation have not performed an audit and provided the required audit clearance and relevant reporting documents to the Company's auditors for the purpose of consolidation of the Group's results. Further adjustments and/or disclosures may have to be made to the accompanying financial statements in the event an audit for the respective subsidiaries is conducted under Singapore Standards on Auditing. These subsidiaries contributed $2,500,000 profit to the Group for the year ended December 31, 2009. The balances of these entities have been fully written off as at December 31, 2009.

12 PLANT AND EQUIPMENT

	Computers and computer system	Other plant and equipment	Motor vehicles	Furniture, fittings and renovations	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Cost:					
At January 1, 2008	5,411	5,256	533	4,660	15,860
Exchange differences	(189)	(267)	(3)	(240)	(699)
Additions	1,017	217	-	817	2,051
Disposal of business/ subsidiaries	(151)	(531)	-	(152)	(834)
Reclassifications	136	(47)	-	(89)	-
Disposals	(336)	(562)	(120)	(967)	(1,985)
At December 31, 2008	5,888	4,066	410	4,029	14,393
Exchange differences	65	20	(3)	131	213
Additions	38	123	66	703	930
Disposal of business/ subsidiaries	(293)	(117)	-	(695)	(1,105)
Reclassifications	(30)	(32)	-	30	(32)
Disposals	(1,599)	(665)	(130)	(918)	(3,312)
At December 31, 2009	4,069	3,395	343	3,280	11,087

12 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
Group (cont'd)					
Accumulated depreciation:					
At January 1, 2008	4,464	2,767	284	3,621	11,136
Exchange differences	(181)	(94)	(1)	(180)	(456)
Depreciation	722	265	66	457	1,510
Disposal of business/ subsidiaries	(118)	(337)	-	(143)	(598)
Reclassifications	32	69	3	(104)	-
Disposals	(346)	(310)	(86)	(802)	(1,544)
At December 31, 2008	4,573	2,360	266	2,849	10,048
Exchange differences	64	(3)	(3)	132	190
Depreciation	302	215	49	541	1,107
Disposal of business/ subsidiaries	(294)	(84)	-	(691)	(1,069)
Reclassifications	(32)	-	-	-	(32)
Disposals	(849)	(412)	(112)	(755)	(2,128)
At December 31, 2009	3,764	2,076	200	2,076	8,116
Impairment:					
At January 1, 2008	10	822	-	51	883
Exchange differences	(1)	(112)	-	(7)	(120)
Impairment loss	17	62	-	1	80
Disposals	-	(135)	-	-	(135)
At December 31, 2008	26	637	-	45	708
Exchange differences	-	10	-	(1)	9
Impairment loss	5	229	-	12	246
Reclassifications	8	40	-	-	48
Disposals	(17)	(62)	-	(1)	(80)
At December 31, 2009	22	854	-	55	931
Carrying amount:					
At December 31, 2009	283	465	143	1,149	2,040
At December 31, 2008	1,289	1,069	144	1,135	3,637

12 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, 2008	2,498	45	-	629	3,172
Additions	149	228	-	44	421
Disposals	(134)	-	-	(21)	(155)
At December 31, 2008	2,513	273	-	652	3,438
Additions	6	5	-	29	40
Disposals	(573)	(221)	-	(648)	(1,442)
At December 31, 2009	1,946	57	-	33	2,036
Accumulated depreciation:					
At January 1, 2008	2,130	22	-	596	2,748
Depreciation	359	41	-	10	410
Disposals	(134)	-	-	-	(134)
At December 31, 2008	2,355	63	-	606	3,024
Depreciation	79	50	-	25	154
Disposals	(551)	(92)	-	(613)	(1,256)
At December 31, 2009	1,883	21	-	18	1,922
Carrying amount:					
At December 31, 2009	63	36	-	15	114
At December 31, 2008	158	210	-	46	414

a) During the year, the Group carried out a review of the recoverable amount of its plant and equipment. These assets are used in the Group's after-market services segment. The review led to the recognition of an impairment loss of $246,000 (2008 : $80,000) under other operating expenses representing entire value of fixed assets for certain subsidiaries due to expiration of a specific after-market services contract with a customer as there is no possibility of future usage of the related assets.

b) The carrying amounts of the Group's plant and equipment include amounts of $Nil (2008 : $116,000) in respect of assets held under finance lease (Note 20).

13 OTHER INVESTMENTS

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
At cost:				
Unquoted bonds	491	491	-	-
Unquoted equity shares	12,300	12,300	11,500	11,500
Unquoted others	412	412	-	-
	13,203	13,203	11,500	11,500
Provision for impairment	(13,203)	(13,203)	(11,500)	(11,500)
	-	-	-	-

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

14 GOODWILL ON CONSOLIDATION

	Group	
	2009	2008
	$'000	$'000
Cost:		
At beginning of year and end of year	38,598	38,598
Impairment:		
At beginning of year	35,511	26,943
Charged to profit or loss	3,087	8,568
At end of year	38,598	35,511
Carrying amount:		
At end of year	-	3,087
At beginning of year	3,087	11,655

Goodwill acquired in a business combination is allocated, at acquisition to the cash generating units (CGUs), that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	Group	
	2009	2008
	$'000	$'000
After Market Solutions:		
mDR (S) Pte Ltd	-	3,087

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

14 GOODWILL ON CONSOLIDATION (CONT'D)

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on estimated growth rates of 3% per annum.

The pre-tax discount rates used to discount the forecast cash flows is 12.43% (2008: 10.24% to 13.78%).

For the year ended December 31, 2009, an impairment of $3,087,000 (2008 : $8,568,000) was recorded under other operating expenses. The lower value in use arose from applying higher discount rate and reduction in trading result due to challenging market environment.

15 OTHER GOODWILL

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cost:				
At beginning and end of year	11,387	11,387	-	-
Impairment:				
At beginning of year	8,887	3,313	-	-
Charge to profit or loss	150	5,574	-	-
At end of year	9,037	8,887	-	-
Carrying amount:				
At end of year	2,350	2,500	-	-
At beginning of year	2,500	8,074	-	-

The above relates to goodwill on purchase of after-market service businesses and related assets.

	Group	
	2009	2008
	$'000	$'000
Distribution Management Solutions:		
Distribution Management Solutions Pte Ltd	2,350	2,500

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

15 OTHER GOODWILL

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on growth rate of 2% (2008 : 2%) per annum.

The rate used to discount the forecast cash flows is 12.43% (2008 : 11.85%).

For the year ended December 31, 2009, an impairment of $150,000 (2008 : $5,574,000) was recorded under other operating expenses. The lower value in use arose from applying higher discount rate and reduction in trading result due to challenging market environment.

16 BANK OVERDRAFTS

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Bank overdrafts	8,850	8,893	2,203	2,215

a) The average effective interest rates paid for bank overdraft (unsecured) is 5.91% to 5.96% (2008 : 4.95% to 6.36%) per annum respectively.

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

17 CONVERTIBLE LOAN NOTES

The Company has issued the following convertible notes/bonds:

a) On January 30, 2008, the Company received approval from shareholders for the issue of an aggregate amount of 1.5% equity linked redeemable non-recallable structured convertible notes ("Notes") that are due in 2010 amounting to $32,000,000. As at December 31, 2009, the Company has issued a total of $7,500,000 (2008 : $3,000,000) and the holder of the convertible notes has converted $6,950,000 (2008 : $2,150,000) into equity shares of the Company and the balance of $550,000 (2008 : $850,000) has been disclosed as current liability which is convertible into equity shares or due for redemption on demand at the option of the holder.

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

17 CONVERTIBLE LOAN NOTES (CONT'D)

As part of the convertible bond agreement, the Group has to comply with certain financial debt covenants. As at December 31, 2009, the Group has failed to comply to one of the financial covenants which has resulted in the outstanding amount of $7,500,000 being repayable on demand.

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

The fair value and the change in that fair value that can be ascribed to changes in underlying credit risk are set out below:

	Convertible notes	Convertible bonds	Total
	$'000	$'000	$'000
2009			
Fair value	530	8,333	8,863
Difference between carrying amount and amount contractually required to be paid at maturity	(20)	833	813
Change in fair value not attributable to changes in market conditions	11	75	86
2008			
Fair value	845	15,871	16,716
Difference between carrying amount and amount contractually required to be paid at maturity	(5)	3,871	3,866
Change in fair value not attributable to changes in market conditions	14	144	158

The Group estimates the fair value of the notes/bonds using valuation techniques which include assumptions that are supportable by observable market data. The credit spread for the valuation is assumed constant at 4.45% and the volatility is at 100% throughout the valuation period.

The Group estimates changes in fair value due to credit risk, by estimating the amount of change in the fair value that is not due to changes in market conditions that give rise to market risk.

Convertible notes measured at fair value based on level 3:

	2009
	$'000
Opening balance	16,716
Total gain in profit or loss	(2,960)
Issued during the year	4,500
Repayment of bonds	(4,500)
Conversion to equity	(4,893)
Ending balance	8,863

18 TRADE PAYABLES

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Outside parties	15,440	12,724	501	602
Subsidiaries (Note 11)	-	-	57	58
Related parties (Note 5)	188	116	-	-
	15,628	12,840	558	660

The average credit period on purchase of goods is 30 days (2008 : 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 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
United States dollars	711	3,492	39	135
Euro	175	280	102	103
Thai Baht	-	-	39	-

Trade payables principally comprise amounts outstanding for trade purchases.

19 OTHER PAYABLES

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Accrued expenses	12,101	13,080	1,778	2,566
Provision for restructuring costs	658	658	-	-
	12,759	13,738	1,778	2,566
Subsidiaries (Note 11)	-	-	9,699	7,679
Related parties (Note 5)	158	255	28	30
	12,917	13,993	11,505	10,275

Movement in provision for restructuring costs:

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
At beginning of year	658	3,364	-	-
Reversal to profit and loss	-	(706)	-	-
Written back during the year (Note 27)	-	(2,000)	-	-
At end of year	658	658	-	-

19 OTHER PAYABLES (CONT'D)

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
United States dollars	-	40	312	31
Euro	-	64	-	-
Chinese Renminbi	-	104	-	-
Thai Baht	-	-	30	30

20 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Group				
Amounts payable under finance leases:				
Within one year	-	15	-	14
In the second to fifth year inclusive	-	-	-	-
	-	15	-	14
Less: Future finance charges	-	(1)	NA	NA
Present value of lease obligations	-	14	-	14
Less: Amount due from settlement within 12 months (shown under current liabilities)			-	(14)
Amount due for settlement after 12 months			-	-

The average lease term was 5 years. The average effective borrowing rate was Nil% (2008 : 2.8%) per annum. Interest rates are fixed at the contract date and thus expose the Group to fair value interest 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 amount.

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

21 DEFERRED TAX LIABILITIES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
At beginning of year	214	1,179	-	912
Charge (Credit) to profit and loss for the year (Note 30)	23	(965)	-	(912)
At end of year	237	214	-	-

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

22 DEFINED CONTRIBUTION PLANS

a) The employees of the Company and its subsidiaries that are located in Singapore, India, Australia, Malaysia and Thailand are members of the state managed retirement benefit plan as governed by the respective Governments of those countries, are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

The total expense recognised in profit or loss of $1,509,600 (2008 : $2,034,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2009, contributions of $409,000 (2008 : $487,000) due in respect of current financial year had not been paid over to the plans. The amounts were paid over subsequent to the end of reporting period.

b) Pursuant to the relevant regulations of the PRC government, the Group has participated in central pension schemes ("the Schemes") operated by local principal municipal governments whereby the Group is required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes. Payments to the Schemes are charged as expenses as they fall due.

The total expense recognised in profit or loss of $Nil (2008 : $154,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2009 and 2008, there were no outstanding contributions that have not been paid over to the plans.

23 SHARE CAPITAL

	Group and Company			
	2009	2008	2009	2008
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	1,784,727,752	1,688,488,970	99,894	98,055
Convertible loan notes – Fair value loss	-	-	93	329
Issue of shares upon conversion of convertible loan notes	841,666,662	96,238,782	4,800	2,150
Expenses in relation to conversion of convertible loan notes	-	-	(321)	(640)
At end of year	2,626,394,414	1,784,727,752	104,466	99,894

The Company has one class of ordinary shares which carry no right to fixed income and have no par value.

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 31,218,126 (2008 : 46,013,121) unissued ordinary shares of the Company under option.

24 SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

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

	Group and Company			
	2009		2008	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	46,013,121	0.168	25,085,112	0.322
Issued during the year	-	-	23,088,000	0.031
Lapsed/Cancelled during the year	(14,794,995)	0.094	(2,159,991)	0.499
Outstanding at the end of the year	31,218,126	0.203	46,013,121	0.168
Exercisable at the end of the year	31,218,126	0.203	22,925,121	0.305

24 SHARE-BASED PAYMENTS (CONT'D)

The weighted average share price at the date of exercise for share options exercised in both years were $Nil. The options outstanding at the end of the year have a weighted average remaining contractual life of 8 years (2008 : 8 years).

In 2008, options were granted on January 10 and May 13. The estimated fair values of the options granted on those dates were in average $0.0263 and $0.0199 respectively.

The fair values of the options granted were calculated using the Black-Scholes pricing model.

As a result of the adjustment to the options pursuant to the issue of renounceable underwritten rights issue, the exercise prices of outstanding share options as at June 13, 2006 under the 2003 Scheme were revised from prices ranging from $0.1206 to $0.5063.

The Group and the Company reversed from option reserve an amount of $497,000 (2008: $1,167,000) related to equity-settled share-based payment transactions during the year due to the lapsed of options during the year. The total expense recognised in 2009 was $172,000(2008: $313,000).

25 REVENUE

	Group	
	2009	2008
	$'000	$'000
After-market services income	21,366	25,966
Distribution management solutions income		
Sale of goods	159,655	190,011
Incentive income	45,241	44,834
	204,896	234,845
Revenue from continuing operations	226,262	260,811
Discontinued operations		
After-market services income in South Pacific and North Asia	3,653	6,692
	229,915	267,503

Revenue from provision of after-market services comprises retrofit services and repair management services, and sales of parts and accessories. Out warranty service income includes retrofit income.

Distribution management solutions income comprises the sale of mobile communication products and the provision of distribution management solutions for mobile communication products.

26 COST OF SALES

Cost of sales represents cost of inventory recognised as expense.

27 OTHER OPERATING INCOME

	Group					
	Continuing		Discontinued		Total	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Rental income	350	158	-	-	350	158
Interest income on:						
Bank balances	17	40	9	8	26	48
Liabilities written back	105	248	-	-	105	248
Reversal of provision for restructuring cost (Note 19)	-	2,000	-	-	-	2,000
Reversal of impairment for doubtful other receivables (Note 8)	-	1,799	-	-	-	1,799
	472	4,245	9	8	481	4,253

28 OTHER OPERATING EXPENSES

	Group					
	Continuing		Discontinued		Total	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Minimum lease payments under operating leases	6,332	6,141	475	792	6,807	6,933
Loss on disposal of plant and equipment	560	262	-	31	560	293
Impairment of goodwill on consolidation	3,087	8,568	-	-	3,087	8,568
Impairment of other goodwill (Note 15)	150	5,574	-	-	150	5,574
Impairment of property, plant and equipment	246	80	-	-	246	80
Allowance for inventories (Note 9)	396	751	-	126	396	877
Allowance (Reversal of) for doubtful trade receivables - net (Note 7)	707	(579)	(119)	76	588	(503)
Allowance (Reversal of) for doubtful other receivables (Note 8)	(43)	1,008	822	16	779	1,024
Depreciation expenses (Note 12)	1,097	1,453	10	57	1,107	1,510
Foreign currency exchange gain (loss)	761	651	(4,170)	3,209	(3,409)	3,860
	13,293	23,909	(2,982)	4,307	10,311	28,216

29 FINANCE COST

	Group					
	Continuing		Discontinued		Total	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Interest on bank loans and overdraft	892	1,212	-	-	892	1,212

30 INCOME TAX (CREDIT) EXPENSE

	Group					
	Continuing operations		Discontinued operation		Total	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax	380	72	-	-	380	72
Deferred tax (Note 21)	28	(966)	(5)	1	23	(965)
	408	(894)	(5)	1	403	(893)
Under (Over) provision of current tax in prior years	2,173	(314)	-	-	2,173	(314)
Tax expense (credit)	2,581	(1,208)	(5)	1	2,576	(1,207)

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense (credit) for the Group varied from the amount of income tax credit determined by applying the Singapore tax rate of 17% (2008 : 18%) to loss before income tax as a result of the following:

	Group	
	2009	2008
	$'000	$'000
Profit (Loss) before tax	(50)	(25,608)
Tax (credit) expense at the statutory rate	(9)	(4,609)
Non-deductible items	1,861	2,943
Deferred tax assets related to unabsorbed losses (utilised) not recognised	(591)	498
Effect of different tax rate of subsidiaries operating in other jurisdictions	888	-
Others	(1,746)	275
	403	(893)
Under (Over) provision in prior years - current tax	2,173	(314)
Net	2,576	(1,207)

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

	Group	
	2009	2008
	$'000	$'000
(Loss) Profit before tax:		
continuing operations	(1,818)	(18,000)
discontinued operation	1,768	(7,608)
	(50)	(25,608)

30 INCOME TAX (CREDIT) EXPENSE (CONT'D)

The Group has tax losses carryforward available for offsetting against future taxable income as follows:

	Group	
	2009	2008
	$'000	$'000
Balance at beginning of year	32,114	29,347
Arising during the year	1,409	6,092
Utilised during the year	(2,997)	(3,325)
Balance at end of year	30,526	32,114
Deferred tax benefits on above unrecorded at 17% (2008 : 18%)	5,189	5,780

The realisation of the future income tax benefits from tax losses carry forward are available for an unlimited future year subject to conditions imposed by law including the retention of majority shareholders as defined.

31 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Group					
	Continuing operations		Discontinued operation		Total	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation and amortisation:						
Depreciation of plant and equipment	1,097	1,453	10	57	1,107	1,510
Impairment of plant and equipment (included in other operating expenses)	246	80	-	-	246	80
Impairment of goodwill (included in other operating expenses)	3,237	14,142	-	-	3,237	14,142
Total depreciation, amortisation and impairment	4,580	15,675	10	57	4,590	15,732
Directors' remuneration:						
- of the Company	530	513	-	-	530	513
- of the subsidiaries	631	-	-	-	631	-
Total directors' remuneration	1,161	513	-	-	1,161	513
Directors' fee	140	320	-	-	140	320

31 LOSS FOR THE YEAR

	Group					
	Continuing operations		Discontinued operation		Total	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits expense (including directors' remuneration):						
Share-based payments Equity settled	172	313	-	-	172	313
Defined contribution plans	1,385	1,727	124	307	1,509	2,034
Others	829	1,100	3	44	832	1,144
Total employee benefits expense	2,386	3,140	127	351	2,513	3,491
Impairment loss on financial assets:						
Impairment loss (reversed)/ recognised on trade receivables	707	(579)	(119)	76	588	(503)
Net foreign exchange losses (gains)	761	651	(4,170)	3,209	(3,409)	3,860
Non-audit fees:						
- paid to auditors of the Company	175	9	-	2	175	11
- paid to other auditors	-	573	-	58	-	631

Number of directors of the Company in remuneration bands is as follows:

	2009			2008		
	Executive directors	Non-executive directors	Total	Executive directors	Non-executive directors	Total
$500,000 and above	1	-	1	1	-	1
$250,000 to $499,999	1	-	1	-	-	-
Below $250,000	-	4	4	-	4	4
	2	4	6	1	4	5

32 DISCONTINUED OPERATIONS

The Group commenced liquidation of its wholly-owned subsidiaries Accord Customer Care Solutions (Aust) Pty. Ltd., Accord Customer Care Solutions (NSW) Pty. Ltd. and Accord Customer Care Solutions (Network) Pty. Ltd. in December 2009 and deregistered mDR (HK) Limited in September 2009. The comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. Management decided to wind up these companies as there is no viable replacement business and foreseeable business activities in the near to medium term.

In 2008, the Group disposed its subsidiaries, Accord Customer Care Solutions (Taiwan) Corp, Shanghai ACCS Forte Science & Technology Co., Ltd, and Beijing Jin Hong Jing Telecommunications & Technology Co., Ltd.

With the above disposal, the Group no longer provide after-market service in South Pacific and North Asia.

The Group also divested its interest in a recycling and recovery subsidiary, Environment Management Technology Pte Ltd in October 2009. This business is outside of the two business segments of after-market services and distribution management solutions, and has not made any material contribution to the Group's revenue and net profit (loss).

The profit (loss) for the year from the discontinued operations is analysed as follows:

	2009	2008
	$'000	$'000
Profit (Loss) from after-market services operation in South Pacific and North Asia	4,979	(4,012)
Loss on disposal of after-market Services operation in South Pacific and North Asia	(2,384)	(751)
Loss on disposal of Environment Management Technology Pte Ltd	(822)	-
	1,773	(4,763)

The results for the period are as follows:

	2009	2008
Revenue	3,653	6,692
Cost of sales	(768)	(2,384)
Gross profit	2,885	4,308
Other operating income	9	8
Administrative expenses	(1,724)	(4,020)
Other operating income (expenses)[1]	3,804	(4,307)
Profit (Loss) before tax	4,974	(4,011)
Income tax credit (expense)	5	(1)
Profit (Loss) for the year	4,979	(4,012)

[1] Included in other operating income is a gain of $4,170,000 (2008 : loss of $3,209,000) representing exchange differences.

32 DISCONTINUED OPERATIONS (CONT'D)

Details of the disposal are as follows:

	2009 $'000	2008 $'000
Book values of net assets disposed		
Current assets		
Cash and bank balances	725	415
Trade receivables and other receivables	581	456
Inventories	119	126
Total current assets	1,425	997
Non-current asset		
Plant and equipment	37	231
Current liabilities		
Trade and other payables	(786)	(477)
Net assets	676	751
Translation reserves	1,708	-
Loss on disposal	(2,384)	(751)
Total consideration	-	-
Total consideration, satisfied by cash	-	-
Cash inflow arising on disposal:		
Cash consideration paid	-	-

During the year, discontinued operations contributed $310,000 (2008 : $322,000) to the Group net operating cash flows.

33 LOSS PER SHARE

The calculation of basic loss per ordinary share is calculated on the Group loss attributable to owners of the Company of $2,561,000 (2008 : $23,036,000) divided by the weighted average number of ordinary shares of 2,201,698,830 (2008 : 1,737,728,536).

Fully diluted loss per ordinary share is based on 2,201,698,830 (2008 : 1,737,728,536) ordinary shares assuming the full exercise of share options outstanding (where dilutive) and adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

33 LOSS PER SHARE (CONT'D)

From continuing and discontinued operations

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

Loss

	Group 2009 $'000	Group 2008 $'000
Loss for the year attributable to owners of the Company	(2,561)	(23,036)
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	360	249
Changes in fair value of convertible notes designated as fair value through profit or loss	(2,960)	4,195
Loss for the purposes of diluted loss per share	(5,161)	(18,592)

Number of shares

	2009	2008
Weighted average number of ordinary shares for the purposes of basic loss per share	2,201,698,830	1,737,728,536
Effect of dilutive potential ordinary shares:		
Convertible loan notes	293,973,316	278,932,537
Weighted average number of ordinary shares for the purposes of diluted loss per share	2,495,672,146	2,016,661,073

From continuing operations

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

Loss figures are calculated as follows:

	Group 2009 $'000	Group 2008 $'000
Loss for the year attributable to owners of the Company	(2,561)	(23,036)
Less:		
Profit (Loss) for the year from discontinued operation	1,773	(4,763)
Loss for the purposes of basic loss per share from continuing operations	(4,334)	(18,273)
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	360	249
Changes in fair value of convertible loan notes designated as fair value through profit or loss	(2,960)	4,195
Loss for the purposes of diluted loss per share from continuing operations	(6,934)	(13,829)

33 LOSS PER SHARE (CONT'D)

As at December 31, 2009 and December 31, 2008, diluted loss per share is the same as basic loss per share as the potential ordinary shares were anti-dilutive and would decrease loss per share as at December 31, 2009 and December 31, 2008. Therefore, the effect of anti-dilutive potential ordinary shares is ignored in calculating diluted loss per share as at December 31, 2009 and December 31, 2008.

From discontinued operations

Basic and diluted loss per share for the discontinued operation is 0.08 cents per share (2008 : (0.27) cents per share) based on the profit/(loss) for the year from the discontinued operation of $1,773,000 (2008 : ($4,763,000)).

	Group			
	2009		2008	
	Basic	Diluted	Basic	Diluted
From continuing and discontinued operations				
Loss per share (cents)	(0.12)	(0.12)	(1.33)	(1.33)
From continuing operations				
Loss per share (cents)	(0.20)	(0.20)	(1.06)	(1.06)
From discontinued operations				
Profit (Loss) per share (cents)	0.08	0.08	(0.27)	(0.27)

34 OPERATING LEASE ARRANGEMENTS

	Group	
	2009	2008
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	6,807	6,933

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

	Group	
	2009	2008
	$'000	$'000
Within one year	6,351	5,669
In the second to fifth year inclusive	5,386	4,088
	11,737	9,757

Operating lease payments represent rentals payable by the Group for certain of 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.

35 CONTINGENT LIABILITIES (UNSECURED)

a) In 2009, the Company has outstanding banker's guarantees amounting to $Nil (2008 : $134,439) issued in favour of financial institutions undertaken for operating lease agreements of $Nil (2008 : $134,439).

b) As at December 31, 2009, the Company, five subsidiaries and an associate are jointly liable for the utilized credit facilities of $8,847,425 (2008 : $9,668,000). As at December 31, 2009, the Group has made a provision for loss of $3,399,019 (2008 : $3,399,019) on the bank loan of the associate. The financial effects relating to financial guarantee contracts issued by the ultimate holding company are not material to the financial statements of the Group and therefore are not recognised.

c) Certain subsidiaries have several outstanding banker's guarantees amounting to $3,000,000 (2008 : $3,000,000) issued in favour of equipment principals, entered in the normal course of business and under supply agreements. These are supported by a corporate guarantee from a subsidiary and secured by fixed deposits of $1,715,000 (2008 : $1,715,000).

36 SEGMENT INFORMATION

For management purposes, the Group is organised in two business segment. After-Market Services ("AMS") and Distribution Management Solutions ("DMS"). The segments are the basis into 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 net profit (loss) by reportable segment:

	Revenue		Net Profit (Loss)	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Continuing operations				
AMS	21,366	25,966	(3,922)	(15,599)
DMS	204,896	234,845	1,008	922
Total for continuing operations	226,262	260,811	(2,914)	(14,677)
Investment revenue			349	158
Other gains and losses			1,639	(5,115)
Finance costs			(892)	(1,212)
Loss before tax (continuing operations)			(1,818)	(20,846)
Discontinued operations				
AMS	3,653	6,692	1,768	(4,762)
Total for discontinued operations	3,653	6,692	1,768	(4,762)
Profit (Loss) before tax (discontinued operations)			1,768	(4,762)
Income tax (continuing and discontinued)			(2,576)	1,207
Consolidated revenue (excluded investment revenue) and loss for the year	229,915	267,503	(2,626)	(24,401)

36 SEGMENT INFORMATION (CONT'D)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2008 : Nil).

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, share of profits of associates, 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.

Investment Revenue

	2009 $'000	2008 $'000
Continuing Operations		
Rental income	349	158

Other Gains and Losses

	2009 $'000	2008 $'000
Continuing Operations		
Net foreign exchange loss	(761)	(658)
Loss on disposal of plant and equipment	(560)	(262)
Change in fair value of financial liabilities designated as at fair value through profit or loss	2,960	(4,195)
	1,639	(5,115)

Segment assets

	2009 $'000	2008 $'000
AMS	6,670	15,963
DMS	49,080	41,124
Total segment assets	55,750	57,087
Unallocated assets	2,350	5,587
Consolidated total assets	58,100	62,674

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

All assets are allocated to reportable segments other than investments in associates (Note 10) and Goodwill. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Other segment information

	Depreciation and Amortisation		Additions to non-current assets	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
AMS	423	887	42	1,074
DMS	674	566	888	954
	1,097	1,453	930	2,028

36 SEGMENT INFORMATION (CONT'D)

In addition to the depreciation and amortisation reported above, impairment losses of $246,000 (2008: $Nil) and $3,237,000 (2008 : $14,142,000) were recognised in respect of plant and equipment and goodwill respectively.

These impairment losses were attributable to the following reportable segments:

	2009	2008
	$'000	$'000
AMS	3,333	8,568
DMS	150	5,574
	3,483	14,142

Geographical information

The Group operates in three principal geographical areas, namely, South Asia, North Asia and South Pacific.

South Asia comprises Indonesia, Thailand, Malaysia, India and Singapore.
North Asia comprises People's Republic of China and Hong Kong SAR.
South Pacific comprises Australia and New Zealand.

	Revenue from external customers		Non-current assets	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
South Asia	225,619	259,656	3,941	8,682
North Asia	644	2,884	449	504
South Pacific	3,652	4,963	-	38
	229,915	267,503	4,390	9,224

Information about major customers

Included in revenues arising from After-Market Services is amount of $14,677,000 (2008: $14,274,000) which arose from sales to the segment's two major customers.

Included in revenues arising from Distribution Management Solutions is amount of $64,116,000 (2008: $67,521,000) which arose from sales to the segment's three major customers.

Statistics of Shareholdings

As at 19 March 2010

Issued and Paid Up Capital	:	S$106,282,541
Class of Shares	:	Ordinary
Voting Rights	:	One Vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	137	1.35	54,242	0.00
1,000 - 10,000	1,947	19.21	12,941,228	0.47
10,001 - 1,000,000	7,710	76.05	1,060,312,811	38.73
1,000,001 AND ABOVE	344	3.39	1,664,197,244	60.80
TOTAL	10,138	100.00	2,737,505,525	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	N0. OF SHARES	%
1	TAN HOR THYE	201,092,337	7.35
2	POH TIAN PENG	118,529,959	4.33
3	DBS NOMINEES PTE LTD	72,945,100	2.66
4	ISHWAR DASS	66,000,000	2.41
5	OCBC SECURITIES PRIVATE LTD	58,575,366	2.14
6	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	44,481,610	1.62
7	CHONG SHIN LEONG	30,000,000	1.10
8	KIRPA RAM S/O ISHWAR DASS	30,000,000	1.10
9	KIM ENG SECURITIES PTE. LTD.	26,619,055	0.97
10	TAN NG KUANG	23,146,394	0.85
11	PHILLIP SECURITIES PTE LTD	21,611,258	0.79
12	TEO PHECK CHER	21,100,000	0.77
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	20,090,000	0.73
14	CHANG SOCK CHOO	20,000,000	0.73
15	NG SWEE HUA	15,500,000	0.57
16	GOH ENG KEE	13,000,000	0.47
17	TAN CHIP SIN	12,723,000	0.46
18	PUAY MENG HO	12,672,000	0.46
19	EDB INVESTMENTS PTE LTD	12,586,400	0.46
20	UOB KAY HIAN PTE LTD	12,341,500	0.45
	TOTAL	833,013,979	30.42

Statistics of Shareholdings

As at 19 March 2010

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of substantial shareholders as of 19 March 2010

Name	Direct Interest	%	Deemed Interest	%
Ronnie Poh Tian Peng	137,924,959 [1]	5.04	3,386,070 [2]	0.12
Henry Tan Hor Thye	201,092,337	7.35	3,386,070 [2]	0.12

Notes:

[1] Deemed to be interested in the 3,386,070 ordinary shares held by Accord Holdings Pte. Ltd. in the Company.
[2] Including 19,395,000 ordinary shares registered with DBS Nominees Pte. Ltd.

Percentage of Shareholdings in Public Hands

We confirmed that approximately 86.39% of the Company's entire share capital is in the hands of public shareholdings as at 19 March 2010. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

mDR LIMITED
(Company Registration No. 200009059G)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of mDR Limited ("the Company") will be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Friday, 30 April 2010 at 2.30 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 2009 together with the Auditors' Report thereon. **(Resolution 1)**

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

   Mr Tham Khai Wor (Retiring pursuant to Article 90) **(Resolution 2)**

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

   Mr Ong Ghim Choon (Retiring pursuant to Article 96) **(Resolution 3)**

   (*Mr. Ong Ghim Choon* was appointed as Executive Director on 18 August 2009)

3. To approve the payment of Directors' fees of S$219,375 for the year ended 31 December 2009 (previous year 2008: S$140,000). **(Resolution 4)**

4. 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 5)**

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

AS SPECIAL BUSINESS

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

6. **Authority to issue shares**

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

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

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

provided that:

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

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

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

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

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

(3) the 50% limit in sub-paragraph (1) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual 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

(5) 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 (i)] **(Resolution 6)**

7. **Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on the SGX-ST.**

That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares other than on a pro-rata basis at a discount not exceeding twenty per centum (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that :-

(a) in exercising the authority conferred by this Resolution, the Company complies with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); and

(b) unless revoked or varied by the Company in 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)**

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

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

[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Chiang Chai Foong
Secretary
Singapore, 15 April 2010

Explanatory Notes:

(i) The Ordinary Resolution 6 in item 6 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. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues.

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.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective from 20 February 2009 to 31 December 2010. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

(ii) The Ordinary Resolution 7 in item 7 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective from 20 February 2009 to 31 December 2010. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, shareholders' approval is not required for placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed.

(iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting], whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy 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.

mDR Limited
[Company Registration No. 200009059G]
(Incorporated In the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy mDR Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ____

of ____

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 30 April 2010 at 2.30 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 2009		
2	Re-election of Mr Tham Khai Wor as a Director		
3	Re-election of Mr Ong Ghim Choon as a Director		
4	Approval of Directors' fees amounting to S$219,375		
5	Re-appointment of Deloitte & Touche LLP as Auditors		
6	Authority to issue new shares		
7	Authority to issue new shares up to discount of 20%		
8	Authority to issue shares under the mDR Share Option Scheme 2003		

Dated this __________ day of ________________ 2010

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

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

* Delete where inapplicable

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 53 Ubi Crescent Singapore 408594 (Attn: Company Secretary, Tel: 6347 8934) not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Affix
Stamp

Company Secretary
mDR Limited
53 Ubi Crescent
Singapore 408594

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Corporate Information

Board of Directors

Philip Eng Heng Nee
Chairman

Ong Ghim Choon
Executive Director/Chief Executive Officer

Mah Kah On
Independent Non-Executive Director

Tham Khai Wor
Independent Non-Executive Director

Audit Committee

Mah Kah On
Chairman

Philip Eng Heng Nee
Tham Khai Wor

Nomination Committee

Philip Eng Heng Nee
Chairman

Mah Kah On
Tham Khai Wor

Remuneration Committee

Tham Khai Wor
Chairman

Philip Eng Heng Nee
Mah Kah On

Registered Office

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

Share Registrar

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

Auditors

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 608839
Partner-in-charge: Cheung Pui Yuen
(Audit engagement partner since FY2005)

Company Secretary

Chiang Chai Foong
ACIS

MDR Limited

(Company Registration No. 200009059G)

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