MDR LIMITED

ANNUAL REPORT 2010

Contents

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.

Our retail outlets at The Shoppes at Marina Bay Sands.

Chairman's Statement

2010 turned out to be a watershed year for the Group, where for the first time, the Group reported 5 consecutive financial quarters of positive operating profits from 4Q 2009 to the last quarter of 2010. The strong economy in 2010 had contributed significantly to this good performance, especially in our DMS business, which now accounts for close to 94% of the Group's total revenues.

Business Review

I am pleased to inform shareholders that the Group chalked up a turnover of $315.8 million for the financial year ended 31 December 2010, as compared to a turnover of $224.7 million in 2009. Net profits after tax of $6.2 million were achieved, which was a significant turnaround from the net loss of $2.6 million for financial year 2009. Excluding gains arising from de-consolidation of disposed subsidiaries, and other once-off items of $1.3 million, the Group reported operating profits of $4.9 million, compared to an operating loss of $1.2 million after excluding once-off items for financial year 2009.

Presently, DMS being the largest mobile phone distributor and retailer in Singapore, is operating a total of 62 outlets in Singapore. 2010 also marked the opening of our three new retail outlets at the luxury shopping mall The Shoppes at Marina Bay Sands. DMS also scores another first in the industry with the opening of its first "Gadget World" retail outlet at The Shoppes at Marina Bay Sands. Gadget World showcases and retails a wide variety of the latest mobile accessories and gadgets from top brands in the market.

The Group will focus its efforts in expanding the DMS' business and to find new ways to better serve our existing customers.

Chairman's Statement

Corporate Restructuring

In 2010, as a measure to streamline and align entities within the Group and to reduce cost, steps were taken to dispose its dormant subsidiaries or subsidiaries with limited business prospects in China, Thailand, India, Indonesia and Hong Kong Special Administrative Region. As at the date of this report, we had disposed and/or de-registered Accord Customer Care Solutions (Suzhou) Co. Ltd., ACCS PRC Limited (BVI), Accord Customer Care Solution (Asia) Limited, Accord CCS (Thailand) Co. Ltd., Pacific Cellular (Thailand) Limited, mDR Services (India) Pte. Ltd, Accord Customer Care Solutions (India) Pte. Ltd, PT Accord Express Customer Care Solutions and PT Accord Customer Care Solutions.

Liquidation of mDR (New Zealand) Ltd has also commenced and it is expected to be completed by the end of 2011.

With the disposal of these dormant subsidiaries, the corporate structure is now trimmer and less complex. In 2011, we will continue to streamline and close its other dormant companies in Malaysia and Singapore in order to create an even leaner and efficient corporate structure.

Bank Restructuring

The Group has been negotiating with its 3 lenders on the restructure of the convertible bonds of $5.3 million which had already matured and overdraft facilities of $8.7 million since the end of 2009. Although the banks have yet to formally approve the proposed debt restructuring plan, we have commenced repaying the 3 lenders $170,000 per month since January 2010 in accordance to the proposed debt restructuring plan.

In addition, with the improvement in the Company's financial performance and cashflow, we proactively accelerated the repayment of our bank borrowings by fully redeeming the convertible bonds on 31 March 2011.

We are optimistic of formalizing the proposed repayment plan of $170,000 per month for the remaining overdraft facilities with our 3 lenders soon, and in the meantime, will continue to honor our financial obligations to them.

Looking at the year ahead

The outlook for the Group remains positive as the Singapore economy is expected to weather the global secondary slowdown relatively well and the rapid increase in tourist arrivals to Singapore will further improve the performance of the retail sector.

The Group believes that it will enjoy further growth with our strong working relationship with our existing principals and we will continue to strengthen the working relationship with our principals, mobile phone manufacturers, channel partners and dealers to beat the competition and deliver greater growth.

We will also take advantage of the positive outlook of the Singapore economy to review our current operations and explore potential and new business opportunities to yield better results.

Acknowledgements

I wish to extend my heartfelt appreciation to my fellow Board Members and the management for their wisdom, guidance and counsel during the year. Much of the Group's success would not be possible without the competence, passion and teamwork of our staff and dedicated Board Members.

I would also like to thank our shareholders, customers and business partners, for their continuing support and confidence over the years. We are on the right track, and we look forward to your continued support to steer the Group to perform even better for financial year 2011.

PHILIP ENG HENG NEE
Chairman
31 March 2011

DMS Group Retail Network

M1 Platinum Partner

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

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

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

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

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

Hougang Festival Market
1 Hougang Street 91
#01-51
S (538692)
Tel: 6384 2088

ION Orchard
2 Orchard Turn
#B3-15A
S (238801)
Tel: 6884 5936

Junction 8 Shopping Centre
9 Bishan Place
#02-30
S (579837)
Tel: 6254 0800

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

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

Marina Bay Sands Shoppes
2 Bayfront Avenue
#B2-60
S (018972)
Tel: 6688 7298

NEX
23 Serangoon Central
#04-43/44
S (556083)
Tel6753 3693

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

Taman Jurong
Blk 399 Yung Sheng Road
#01-47
S (610399)
Tel: 6264 8384

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

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

Toa Payoh HDB Hub
Blk 190 Lorong 6 Toa Payoh
#01-548
S (310190)
Tel: 63582268

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

West Coast Plaza
154 West Coast Road
#B1-03
S (127371)
Tel: 6777 9752

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

Samsung Mobile Plaza

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

Mobile Phone Megastore

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

Nokia Branded Stores

Ang Mo Kio Hub
53 Ang Mo Kio Ave 3
#B1-58
S (569933)
Tel: 6853 9848

Century Square
2 Tampines Central 5
#04-07
S (529509)
Tel: 6789 2218

Funan DigitaLife Mall
109 North Bridge Road
Level 1 Kiosk 8
S (179097)
Tel: 6334 9083

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

Marina Bay Sands Shoppes
2 Bayfront Avenue
#B2-61
S (018972)
Tel:6634 2717

Parkway Parade
80 Marine Parade Road
#B1-45/46
S (449269)
Tel:6345 1033

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

DMS Group Retail Network

SingTel Platinum Partner

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

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

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

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

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

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

Boon Lay Shopping Centre
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

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

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

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

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

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

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

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

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

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

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

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

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

Marina Bay Sands Shoppes
2 Bayfront Ave
#01-65
S (018972)
Tel:6688 7916

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

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

Pearl Centre
100 Eu Tong Sen St
#01-K3
S (059812)
Tel: 6324 0811

Queensway Shopping Centre
1 Queensway
#01-42
S (149053)
Tel: 6475 5206

Tampines Mart
11 Tampines Street 32
#01-02A
S (529287)
Tel: 6781 8355

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

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

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

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

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

Yishun
Blk 293 Yishun St 22
#01-0251
S (760293)
Tel: 6754 7594

Board of Directors

PHILIP ENG HENG NEE
Chairman, Independent & Non-Executive Director
Appointed on 1 June 2005

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

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

ONG GHIM CHOON
Executive Director & Chief Executive Officer
Appointed on 19 August 2009

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

MAH KAH ON
Independent & Non-Executive Director
Appointed on 9 September 2005

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

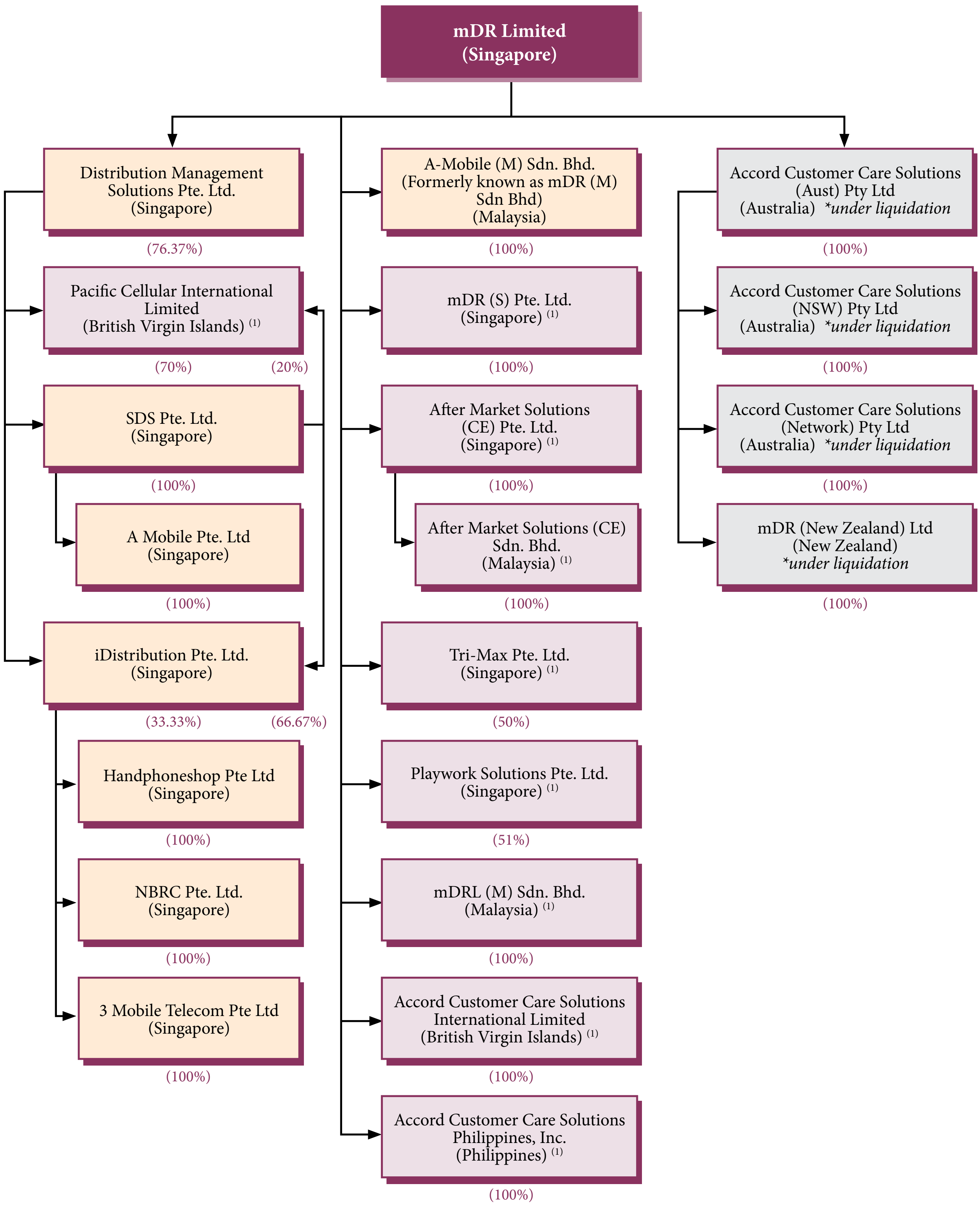
THAM KHAI WOR
Independent & Non-Executive Director
Appointed on 6 October 2006

Mr. Tham retired in 2005 from Singapore Press Holdings, the largest media organization in the region and was a director of Prestige Tours Pte Ltd from 23 April 2010 to 6 September 2010. 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



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

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
Principle 1

The Board is accountable to the shareholders while the management is accountable to the Board.

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

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

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

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

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

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

Directors' attendance at board and board committee meetings

For FY 2010, the Directors' attendances at board and committee meetings are as follows:

	Committee			
Director	**Board**	**Audit**	**Nominating**	**Remuneration**
Philip Eng Heng Nee	4 of 4	4 of 4	1 of 1	3 of 3
Mah Kah On	4 of 4	4 of 4	1 of 1	3 of 3
Tham Khai Wor	4 of 4	4 of 4	1 of 1	3 of 3
Ong Ghim Choon (1)	4 of 4	-	-	-

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

Corporate Governance

BOARD COMPOSITION AND BALANCE
Principle 2

As at the date of this Report, the Board comprises four Directors, all of whom, except for the Chief Executive Officer, are Independent and Non-Executive Directors. 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 NC. For this, the NC adopts the Code's definition of what constitutes an independent director in its review.

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

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

Board and Board Committees

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3

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

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

BOARD MEMBERSHIP
Principle 4

The NC comprises three non-executive and independent Directors.

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

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

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

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

BOARD PERFORMANCE
Principle 5

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

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

ACCESS TO INFORMATION
Principle 6

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.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
Principle 7

LEVEL AND MIX OF REMUNERATION
Principle 8

DISCLOSURE OF REMUNERATION
Principle 9

The RC currently comprises three non-executive and independent Directors.

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

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

The RC's principal responsibilities are, to:

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

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

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

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

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

Remuneration policy in respect of Executive Director and other Key Executives

The RC decides on the specific remuneration packages for the Directors, Chief Executive Officer and all key employees who report directly to the Chief Executive Officer. The RC's recommendations are made in consultation with the Chairman of the Board and submitted for approval by the entire Board.

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

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

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

There 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.

Directors' Remuneration Table for the Financial Year Ended 31 December 2010

	Fees [1] (%)	Salary (%)	Bonus [2] (%)	Other Benefits [3] (%)	Total (%)	ESOS (No. of options)
S$500,000 to S$750,000						
Ong Ghim Choon	-	65.8	21.8	12.4	100	-
Below S$250,000						
Philip Eng Heng Nee	100	-	-	-	100	9,280,000
Mah Kah On	100	-	-	-	100	-
Tham Khai Wor	100	-	-	-	100	-

(1) These fees are subject to approval by shareholders as a lump sum at the Annual General Meeting for FY2010.
(2) Include Annual Wage Supplement and Variable Bonus.
(3) Include employers' CPF, allowance and car benefits.

Key Executives' Remuneration Table for the Financial Year Ended 31 December 2010

	Salary (%)	Bonus [1] (%)	Other benefits [2] (%)	Total (%)	ESOS (No. of options)
S$250,000 to S$500,000					
Wee Swee Neo, Doris	71.6	25.4	3.0	100	-
Kwa Hian Djoe	56.7	26.0	17.3	100	-
Below S$250,000					
Cholan s/o P. Alagumalai	91.5	3.8	4.7	100	-
Ng Eng Ming, Peter	55.0	25.0	20.0	100	-
Ong Ghim Chwee[3]	54.1	24.6	21.3	100	-
Siua Cheng Foo, Richard	91.5	3.8	4.7	100	-

(1) Include Annual Wage Supplement and Variable Bonus.
(2) Include employers' CPF, allowance and car benefits.
(3) Mr Ong Ghim Chwee is the brother of Mr Ong Ghim Choon (Executive Director of the Company), and his remuneration exceeds S$150,000 during FY2010.

Corporate Governance

ACCOUNTABILITY AND AUDIT
Principle 10

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

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

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

AUDIT COMMITTEE ("AC")
Principle 11

Under its terms of reference, the AC reviews the quarterly and full-year financial statements prior to submission to the Board. The AC also ensures the independence and objectivity of external auditors. The AC conducts review of 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 CONTROLS
Principle 12

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

Based on reviews performed by internal auditors, the AC is satisfied and is of the opinion that there are adequate internal controls in place.

INTERNAL AUDIT
Principle 13

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 reviews on behalf of listed companies. The AC reviews and approves the annual internal audit plans and ensures that the internal auditors have the capability to adequately perform its functions. Reports prepared by the internal auditors are reviewed by the AC. The internal auditors meet the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

COMMUNICATION WITH SHAREHOLDERS
Principle 14
GREATER SHAREHOLDER PARTICIPATION
Principle 15

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

OTHER CORPORATE GOVERNANCE PRINCIPLES

Best practices guide and dealings in securities

Notwithstanding that compliance with the SGX-ST's Best Practices Guide is not mandatory, the Company has adopted 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.

Corporate Governance

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.

Non-audit fees

There were no non-audit services that were rendered by our auditors, Deloitte & Touche LLP, to the Group for the financial year ended 31 December 2010.

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, since the end of the financial year ended 31 December 2009 save for the transactions below: -

Name of Organisation	Description of Contract	Amount
Pacific Organisation Pte Ltd	Leasing of premises	S$38,138 per month (From 1 January 2010 to 30 June 2010)
		S$38,788 per month (From 1 July 2010 to 31 December 2010)
		S$38,131 per month (From 1 January 2011 to 31 December 2013)
	Leasing of vehicles	S$1,284 per month

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.

Interested Party Transactions

As at 31 December 2010

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Pacific Organisation Pte Ltd	S$501,000	Nil

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2010.

1 DIRECTORS

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

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

2 AUDIT COMMITTEE

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

The members of the Audit Committee at the date of this report are:

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

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

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

b) the Group's financial and operating results;

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	At December 31, 2010	At January 21, 2011
mDR Limited			
- Options granted			
Philip Eng Heng Nee	12,326,000	10,368,000	10,368,000
Ong Ghim Choon	5,000,000	5,000,000	5,000,000
Distribution Management Solutions Pte Ltd			
- Ordinary share			
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	

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

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

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

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

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

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

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

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

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

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

d) The share options granted and exercised during the financial year and share options outstanding as at December 31, 2010 under the 2003 Scheme were as follows:

	Number of share options					
Grant date	Balance at January 1, 2010	Issued	Lapsed/ cancelled	Balance at December 31, 2010	Exercise price per share	Exercisable period
					$	
September 17, 2003	655,710	-	(443,569)	212,141	0.3111	September 17, 2004 to September 16, 2013
April 14, 2004	8,736,416	-	(559,283)	8,177,133	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	9,500,000	-	-	9,500,000	0.0300	May 13, 2009 to May 12, 2018
May 20, 2010	-	3,950,000	-	3,950,000	0.0050	May 20, 2011 to May 19, 2015
May 20, 2010	-	2,665,000	-	2,665,000	0.0050	May 20, 2012 to May 19, 2015
May 20, 2010	-	2,665,000	-	2,665,000	0.0050	May 20, 2013 to May 19, 2015
Total	31,218,126	9,280,000	(12,240,852)	28,257,274		

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

On May 20, 2010, the Company granted options to subscribe for 9,280,000 ordinary shares of the Company at exercise price of $0.005 per share to a non-executive director.

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, 2010	Aggregate options exercised since commencement of the Scheme to December 31, 2010	Aggregate options lapsed since commencement of the scheme to December 31, 2010	Aggregate options outstanding at December 31, 2010
Philip Eng Heng Nee	9,280,000	21,606,000	-	(11,238,000)	10,368,000
Ong Ghim Choon	-	5,000,000	-	-	5,000,000

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

……………………………….
Philip Eng Heng Nee

……………………………….
Ong Ghim Choon

March 31, 2011

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 86 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, 2010, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

……………………………….
Philip Eng Heng Nee

……………………………….
Ong Ghim Choon

March 31, 2011

Independent Auditors' Report

TO THE MEMBERS OF mDR LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of mDR Limited (the Company) and its subsidiaries (the Group) which comprise the statements of financial position of the Group and the Company as at December 31, 2010, 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 86.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2010 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore
March 31, 2011

Statements of Financial Position

December 31, 2010

	Note	Group 2010	Group 2009	Company 2010	Company 2009
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	6	14,249	10,895	2,975	492
Trade receivables	7	23,260	27,348	820	2,241
Other receivables and prepayments	8	3,768	4,503	12,243	12,896
Inventories	9	13,124	10,964	375	330
Total current assets		54,401	53,710	16,413	15,959
Non-current assets					
Investment in associates	10	-	-	-	-
Investment in subsidiaries	11	-	-	9,936	10,002
Plant and equipment	12	2,101	2,040	68	114
Other investments	13	-	-	-	-
Long-term loan receivables	14	-	-	-	-
Other goodwill	15	2,350	2,350	-	-
Total non-current assets		4,451	4,390	10,004	10,116
Total assets		58,852	58,100	26,417	26,075
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdrafts	16	8,678	8,850	2,037	2,203
Convertible loan notes	17	5,350	8,050	5,350	8,050
Fair value adjustment on convertible loan notes	17	589	813	589	813
Trade payables	18	12,976	15,628	537	558
Other payables	19	10,948	12,917	5,092	11,505
Income tax payable		1,652	1,490	-	-
Total current liabilities		40,193	47,748	13,605	23,129

Statements of Financial Position

December 31, 2010

	Note	Group 2010	Group 2009	Company 2010	Company 2009
		$'000	$'000	$'000	$'000
Non-current liabilities					
Deferred tax liabilities	20	274	237	-	-
Total non-current liabilities		274	237	-	-
Capital, reserves and non-controlling interests					
Share capital	22	109,456	104,466	109,456	104,466
Capital redemption reserve		22	22	22	22
Share options reserve	23	1,528	1,836	1,528	1,836
Foreign currency translation reserve		137	2,974	-	-
Accumulated losses		(96,434)	(101,719)	(98,194)	(103,378)
Equity attributable to owners of the Company		14,709	7,579	12,812	2,946
Non-controlling interests		3,676	2,536	-	-
Total equity		18,385	10,115	12,812	2,946
Total liabilities and equity		58,852	58,100	26,417	26,075

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2010

	Note	2010	2009
		$'000	$'000
Continuing operations			
Revenue	24	315,779	224,679
Cost of sales	25	(284,358)	(197,072)
Gross profit		31,421	27,607
Other operating income	26	1,085	448
Administrative expenses		(19,328)	(18,935)
Other operating expenses	27	(7,810)	(12,407)
Changes in fair value of convertible loan notes designated as fair value through profit or loss		234	2,960
Finance cost	28	(762)	(890)
Profit (Loss) before income tax		4,840	(1,217)
Income tax expense	29	(1,291)	(2,584)
Profit (Loss) for the year from continuing operations		3,549	(3,801)
Discontinued operations			
Profit for the year from discontinued operations	30	2,693	1,175
Profit (Loss) for the year	31	6,242	(2,626)
Other comprehensive income			
Currency translation differences arising from consolidation		199	(3,023)
Reclassification of currency translation reserves on disposals of subsidiaries		(3,036)	1,708
Other comprehensive loss for the year, net of tax		(2,837)	(1,315)
Total comprehensive income (loss) for the year		3,405	(3,941)

Consolidated Statement of Comprehensive Income

Year ended December 31, 2010

	Note	2010	2009
		$'000	$'000
Profit (Loss) attributable to:			
Owners of the Company		4,963	(2,561)
Non-controlling interests		1,279	(65)
		6,242	(2,626)
Total comprehensive income attributable to:			
Owners of the Company		2,126	(3,876)
Non-controlling interests		1,279	(65)
		3,405	(3,941)
Earnings (Losses) per share (cents):			
From continuing and discontinued operations:			
- Basic	32	0.16	(0.12)
- Diluted	32	0.12	(0.12)
From continuing operations:			
- Basic	32	0.07	(0.17)
- Diluted	32	0.06	(0.17)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2010

	Share capital	Capital redemption reserve	Share options reserve	Foreign currency translation reserve	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance at January 1, 2009	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 23)	-	-	(497)	-	497	-	-	-
Recognition of share-based payments (Note 23)	-	-	172	-	-	172	-	172
Convertible loan notes – Fair value loss (Note 22)	93	-	-	-	-	93	-	93
Issue of shares upon conversion of convertible loan notes (Note 22)	4,800	-	-	-	-	4,800	-	4,800
Expenses in relation to conversion of convertible loan notes to shares (Note 22)	(321)	-	-	-	-	(321)	-	(321)
Balance at December 31, 2009	104,466	22	1,836	2,974	(101,719)	7,579	2,536	10,115
Total comprehensive income for the year	-	-	-	(2,837)	4,963	2,126	1,279	3,405
Reversal of expenses related to equity settled share-based payment (Note 23)	-	-	(322)	-	322	-	-	-
Recognition of share-based payments (Note 23)	-	-	14	-	-	14	-	14
Disposal of subsidiaries	-	-	-	-	-	-	(139)	(139)
Convertible loan notes – Fair value gain (Note 22)	(10)	-	-	-	-	(10)	-	(10)
Issue of shares upon conversion of convertible loan notes (Note 22)	5,000	-	-	-	-	5,000	-	5,000
Balance at December 31, 2010	109,456	22	1,528	137	(96,434)	14,709	3,676	18,385

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2010

	Share capital	Capital redemption reserve	Share option reserve	Accumulated losses	Total
	$'000	$'000	$'000	$'000	$'000
<u>Company</u>					
Balance at January 1, 2009	99,894	22	2,161	(96,463)	5,614
Reversal of expenses related to equity-settled share-based payment (Note 23)	-	-	(497)	497	-
Recognition of share-based payments (Note 23)	-	-	172	-	172
Total comprehensive income for the year	-	-	-	(7,412)	(7,412)
Convertible loan notes – Fair value loss (Note 22)	93	-	-	-	93
Issue of shares upon conversion of convertible loan notes (Note 22)	4,800	-	-	-	4,800
Expenses in relation to conversion of convertible loan notes to shares (Note 22)	(321)	-	-	-	(321)
Balance at December 31, 2009	104,466	22	1,836	(103,378)	2,946
Reversal of expenses related to equity-settled share-based payment (Note 23)	-	-	(322)	322	-
Recognition of share-based payments (Note 23)	-	-	14	-	14
Total comprehensive income for the year	-	-	-	4,862	4,862
Convertible loan notes – Fair value gain (Note 22)	(10)	-	-	-	(10)
Issue of shares upon conversion of convertible loan notes (Note 22)	5,000	-	-	-	5,000
Balance at December 31, 2010	109,456	22	1,528	(98,194)	12,812

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2010

	2010	2009
	$'000	$'000
Operating activities		
Profit (Loss) before income tax	7,540	(50)
Adjustments for:		
Depreciation expense	819	1,107
Interest expense	772	892
Interest income	(10)	(26)
Loss on disposal of plant and equipment	14	560
Plant and equipment written off	114	-
Allowance for impairment of plant and equipment	62	246
Allowance for inventories	1,022	396
Bad debts written off – trade	7	-
Bad debts written off – non-trade	12	-
Allowance for doubtful trade receivables	183	588
Allowance for doubtful other receivables	476	779
Share-based payments	14	172
Impairment of other goodwill	-	150
Impairment of goodwill on consolidation	-	3,087
(Gain) Loss arising from de-consolidation of disposed subsidiaries	(4,465)	2,384
Changes in fair value of convertible loan notes designated as fair value through profit or loss	(234)	(2,960)
Liabilities written back	(336)	(105)
Net foreign exchange losses (gains)	197	(120)
Operating cash flows before movements in working capital	6,187	7,100
Trade receivables	3,781	(12)
Other receivables and prepayments	7	1,291
Inventories	(3,202)	(2,922)
Trade payables	(2,296)	(2,720)
Other payables	(234)	1,794
Cash generated from operations	4,243	4,531
Income tax paid	(1,020)	(1,755)
Interest received	10	26
Net cash from operating activities	3,233	2,802

Consolidated Statement of Cash Flows

Year ended December 31, 2010

	2010	2009
	$'000	$'000
Investing activities		
Disposal of subsidiaries	(136)	-
Proceeds from disposal of plant and equipment	140	478
Purchase of plant and equipment	(1,239)	(930)
Net cash used in investing activities	(1,235)	(452)
Financing activities		
Interest paid	(772)	(892)
Repayment of convertible bonds	(2,200)	(4,500)
Repayment of finance leases	-	(14)
Cash pledged	(509)	101
Proceeds from issuance of convertible loan notes, net	4,500	4,179
Net cash from (used in) financing activities	1,019	(1,126)
Net increase in cash and cash equivalents	3,017	1,224
Cash (Overdrawn) and cash equivalents at beginning of year	330	(894)
Cash and cash equivalents at end of financial year (Note A)	3,347	330

Notes to the consolidated statement of cash flows

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

	2010	2009
	$'000	$'000
Cash and bank balances (Note 6)	14,249	10,895
Bank overdrafts (Note 16)	(8,678)	(8,850)
Less: Cash pledged (Note 6)	(2,224)	(1,715)
Cash and cash equivalents	3,347	330

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2010

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 dollar.

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

c) The principal activities of the 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 agreement since June 30, 2009 and as a result the loan facilities are repayable on demand and classified as current liability in these financial statements. Notwithstanding this, the Group has been making monthly instalment payments since January 31, 2010 under the proposed debt restructuring plan, whereby the Group would make instalment payment with a bullet repayment at the end of five years.

During the year, the due date of convertible bonds has been further extended to March 31, 2011 upon expiry on June 29, 2010 as the lenders are currently reviewing the documentation to formalise the restructuring plan.

Subsequent to the end of the financial year, the Company has served a redemption notice on March 22, 2011 to redeem the outstanding Class A convertible bonds amounting to $4.96 million (Note 35).

Taking into consideration the above, the management is of the opinion that it is appropriate to prepare the financial statements of the Group and the Company on going concern basis.

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, 2010 were authorised for issue by the Board of Directors on March 31, 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years except as disclosed below:

Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to FRSs issued in 2009)

The amendments to FRS105 clarify that the disclosure requirements in FRSs other than FRS 105 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those FRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of FRS 105 and the disclosures are not already provided in the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Disclosures in these financial statements have been modified to reflect the above clarification.

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:

- Improvements to Financial Reporting Standards (issued in October 2010)
- FRS 24 (Revised) Related Party Disclosures
- INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments

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

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

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

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

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

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non- current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

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

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Loans and receivables

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

Impairment of financial assets

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

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Bank borrowings (except convertible loan notes)

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.

Financial liabilities

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Derecognition of financial liabilities

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

Convertible loan notes

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

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.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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%

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.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

GOODWILL ON CONSOLIDATION AND OTHER GOODWILL ("GOODWILL") - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

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

IMPAIRMENT OF 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)

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group issues equity-settled payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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

<u>Sale of goods</u>

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Rendering of services</u>

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

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

Other management fees are recognised when services are rendered.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest income

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

Dividend income

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

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.

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the exchange rates prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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

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

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

3 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Critical Judgements in applying the entity's accounting policies

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

As discussed in Note 1 to the financial statements, the management is of the opinion that it is appropriate to prepare the financial statements of the Group and the Company on going concern basis.

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.

<ins>Impairment of other goodwill</ins>

In determining whether goodwill is impaired, an estimation of the value in use of the cash-generating units to which goodwill has been allocated is performed by management. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of other goodwill at the end of the reporting period was $2.35 million (2009 : $2.35 million). Details of the impairment loss calculation are provided in Note 15 to the financial statements.

<ins>Allowance for inventory obsolescence</ins>

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, 2010 is disclosed in Note 9 to the financial statements.

<ins>Recoverability of other receivables</ins>

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, 2010 and made a reversal of allowance for doubtful other receivables of $3.3 million (2009 : additional allowance of $0.9 million) (Note 8).

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

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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and bank balances)	41,154	41,944	16,013	15,124
Financial liabilities				
Amortised cost	32,602	37,395	7,666	14,266
Fair value through profit or loss	5,939	8,863	5,939	8,863

(b) *Financial risk management policies and objectives*

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

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

(i) Foreign exchange risk management

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

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

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 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	
	2010	2009	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollar	(445)	(711)	144	1,036	(7)	(351)	63	20,037
Euro	(132)	(175)	78	169	(87)	(102)	78	207
Thai Baht	(6)	(6)	-	4	-	(69)	-	273
Australian Dollar	(10)	(10)	-	-	-	-	-	-

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

(ii) Interest rate risk management

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

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

(iii) Credit risk management

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

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

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

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

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

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

(iv) Liquidity risk management

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

Liquidity and interest risk analyses

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

Financial assets

	Average effective interest rate	On demand or within 1 year	1 to 5 years	Over 5 years	Adjustment(*)	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2010						
Non-interest bearing	-	38,930	-	-	-	38,930
Fixed interest rate instruments	0.4	2,233	-	-	(9)	2,224
2009						
Non-interest bearing	-	40,229	-	-	-	40,229
Fixed interest rate instruments	0.5	1,724	-	-	(9)	1,715
Company						
2010						
Non-interest bearing	-	16,013	-	-	-	16,013
Fixed interest rate instruments	-	-	-	-	-	-
2009						
Non-interest bearing	-	15,124	-	-	-	15,124
Fixed interest rate instruments	-	-	-	-	-	-

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

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

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

(iv) Liquidity risk management

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						
2010						
Trade and other payables	-	23,924	-	-	-	23,924
Variable interest rate instrument	5.96 to 6.04	9,197	-	-	(519)	8,678
Convertible loan notes	1.5 to 3.75	5,350	-	-	589	5,939
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	8,050	-	-	813	8,863
Company						
2010						
Trade and other payables	-	5,629	-	-	-	5,629
Variable interest rate instruments	6.04	2,161	-	-	(124)	2,037
Convertible loan notes	1.5 to 3.75	5,350	-	-	589	5,939
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	8,050	-	-	813	8,863

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

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

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

(v) Fair value of financial assets and financial liabilities

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

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

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

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

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

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

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

(c) Capital risk management policies and objectives

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

The capital structure of the Group consists of 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 losses.

The Group's risk management committee reviews the capital structure on an on-going basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the committee, the Group will balance its overall capital structure through new share issues or redemption of existing debt. The Group's overall strategy remains unchanged from 2009.

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.

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	
	2010	2009
	$'000	$'000
Nature of transactions		
Companies with common directors:		
Expenses paid on behalf of the Company	115	212
Rental expenses	501	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	
	2010	2009
	$'000	$'000
Short-term benefits	1,184	1,466
Post-employment benefits	23	41
Share-based payments	14	154

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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Cash and bank balances	12,025	9,156	2,975	492
Fixed deposits	2,224	1,739	-	-
	14,249	10,895	2,975	492
Shown as:				
Cash and bank balances	12,025	9,180	2,975	492
Cash pledged	2,224	1,715	-	-
	14,249	10,895	2,975	492

Fixed deposits bear interest at an average rate of 0.40% (2009 : 0.50%) per annum and are for a tenure of approximately 365 days. Fixed deposits are pledged in relation to a banker's guarantee amounting to $3,000,000 (2009: $3,000,000) (Note 33).

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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
United States Dollar	36	47	24	23
Thai Baht	-	4	-	-

7 TRADE RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Outside parties	23,870	28,405	820	758
Subsidiaries (Note 11)	-	-	507	5,328
	23,870	28,405	1,327	6,086
Less: Allowances for doubtful trade receivables				
- subsidiaries	-	-	(507)	(3,845)
- outside parties	(610)	(1,057)	-	-
	23,260	27,348	820	2,241

The average credit period on sales is 30 days (2009 : 30 days). Allowance for doubtful debts are recognised against receivables over 90 days based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

The Group's customers mainly comprise of reputable and well established telecom operators and equipment principals. Before accepting any new customer, the Group will assess the potential customer's credit quality. Limits are monitored periodically by management. At the end of the reporting period, approximately 56% (2009 : 26%) of the Group's trade receivables were due from 3 customers that have good credit record with the Group.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The credit risk is limited. The management believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Movement in allowances:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At beginning of year	1,057	1,494	3,845	3,916
Currency translation difference	(5)	-	-	-
Charge (Reversal) to profit or loss (Note 27)	183	588	(845)	(69)
Disposal of subsidiaries	(371)	-	-	-
Written off during the year	(254)	(1,025)	(2,493)	(2)
At end of year	610	1,057	507	3,845

7 TRADE RECEIVABLES (cont'd)

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Not past due and not impaired	15,676	17,984	567	2,043
Past due but not impaired (i)	7,584	9,364	253	198
	23,260	27,348	820	2,241
Impaired receivables - individually assessed (ii)	610	1,057	507	3,845
Less: Allowance for doubtful debts	(610)	(1,057)	(507)	(3,845)
Total trade receivables, net	23,260	27,348	820	2,241
(i) Aging of receivables that are past due but not impaired				
31 to 60 days	4,090	6,213	151	97
61 to 90 days	750	1,821	8	-
>91 days	2,744	1,330	94	101
Total	7,584	9,364	253	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 made full provision on these receivables as they are not 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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
United States Dollar	108	514	39	2,664
Euro	78	169	78	207

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Accrued interest receivable	9	6	-	-
Deposits	1,636	1,845	72	73
Prepayments	123	802	25	505
Outside parties	2,076	2,119	717	1
Staff advances	-	16	-	-
	3,844	4,788	814	579
Associates (Note 10)	-	3,451	-	36
Related parties (Note 5)	5	1,843	-	1,836
Due from non-controlling interests of a subsidiary	-	208	-	-
Subsidiaries (Note 11)	-	-	18,808	63,830
	3,849	10,290	19,622	66,281
Less: Allowances for doubtful other receivables				
- subsidiaries	-	-	-	(53,385)
- others	(81)	(5,787)	(7,379)	-
	3,768	4,503	12,243	12,896

Movement in allowance:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At beginning of year	5,787	5,016	53,385	52,647
Currency translation difference	(7)	-	-	-
Charge (Reversal) to profit or loss (Note 27)	476	779	(3,348)	902
Disposal of subsidiaries	(456)	-	-	-
Written off during the year	(5,719)	(8)	(42,658)	(164)
At end of year	81	5,787	7,379	53,385

The amounts due from associates were 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.

8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
United States Dollar	-	475	-	17,350
Thai Baht	-	-	-	273

9 INVENTORIES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Spare parts, handsets, accessories and pre-paid cards, carried at net realisable value after the following allowances	13,124	10,964	375	330
Movement in allowances:				
At beginning of year	1,101	2,135	10	241
Charge to profit or loss (Note 27)	1,022	396	56	4
Written off during the year	(1,515)	(1,430)	-	(235)
At end of year	608	1,101	66	10

10 INVESTMENT IN ASSOCIATES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	6,680	9,236	6,680	6,680
Provision for impairment	(6,680)	(9,236)	(6,680)	(6,680)
Net	-	-	-	-

10 INVESTMENT IN ASSOCIATES (cont'd)

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
	2010	2009	2010	2009	
	$'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	-	50	Provision of logistic services/Hong Kong
Total - Group	6,680	9,236			

Notes:

(1) No audited accounts are prepared as the company was dormant during the year.
(2) This associate had been deregistered during the year.

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2010	2009
	$'000	$'000
Unquoted equity shares, at cost	20,669	38,362
Provision for impairment	(10,733)	(28,360)
	9,936	10,002
Movement in provision for impairment:		
At beginning of year	28,360	23,157
Charge to profit or loss	-	5,481
Written off during the year	(17,627)	(278)
At end of year	10,733	28,360

In 2010, 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 $Nil (2009 : $5,481,000) 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 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 2% (2009 : 2%) per annum.

The pre-tax discount rate of 7.8% (2009 : 12.43%) per annum has been applied to the cash flow forecasts.

As at December 31, 2010, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the investment in subsidiaries.

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

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
	2010	2009	2010	2009	
	$'000	$'000	%	%	
Accord Customer Care Solutions (Asia) Limited (5)	-	66	-	100	Hong Kong
mDRL (M) Sdn. Bhd. (6)	340	340	100	100	Malaysia
Accord Customer Care Solutions Philippines, Inc. (6)	125	125	100	100	Philippines
Accord Customer Care Solutions International Ltd. (6)	(a)	(a)	100	100	British Virgin Islands
Accord Customer Care Solutions India Pvt Ltd (5) *	-	4	-	100	India
Accord Customer Care Solutions (Aust) Pty Ltd (3) **	-	6,390	100	100	Australia
After Market Solutions (CE) Pte Ltd (6)	(a)	(a)	100	100	Singapore
mDR Services India Pvt Ltd. (5) *	-	5,038	-	100	India
Distribution Management Solutions Pte. Ltd. (1)	12,574	12,574	76	76	Singapore
PT. Accord Express Customer Care Solutions (4)	-	198	-	100	Indonesia
P.T. Accord Customer Care Solutions (4)	-	5,997	-	75	Indonesia
mDR (S) Pte Ltd (1)	6,394	6,394	100	100	Singapore
A Mobile (M) Sdn. Bhd.(2)(7) (formerly known as mDR (M) Sdn. Bhd.)	828	828	100	100	Malaysia
Playwork Solutions Pte Ltd (6)	408	408	51	51	Singapore
Environment Management Technology Pte Ltd (3)	-	-	100	100	Singapore
	20,669	38,362			

11 INVESTMENT IN SUBSIDIARIES (cont'd)

Subsidiaries	Proportion of ownership interest and voting power held		Country of incorporation and operations
	2010	2009	
	%	%	
Subsidiary of After Market Solutions (CE) Pte Ltd			
After Market Solutions (CE) Sdn. Bhd. (2)(7)	100	100	Malaysia
Subsidiaries of Accord Customer Care Solutions (Asia) Limited			
Accord Customer Care Solutions PRC Limited (5)	-	100	British Virgin Islands
Accord Customer Care Solutions (Suzhou) Co., Ltd (5)	-	100	People's Republic of China
Accord CCS Thailand Co., Ltd (5)	-	50	Thailand
Subsidiaries of Distribution Management Solutions Pte Ltd			
SDS Pte. Ltd. (1)	76	76	Singapore
A-Mobile Pte. Ltd. (1)	76	76	Singapore
iDistribution Pte. Ltd. (1)	76	76	Singapore
3 Mobile Telecom Pte. Ltd (1) (formerly known as Menel Pte. Ltd)	76	76	Singapore
Pacific Cellular International Limited (7)	68	68	British Virgin Islands
Pacific Cellular (Thailand) Limited (5)	-	68	Thailand
Handphone Shop Pte. Ltd (1) (formerly known as PC (Singapore) Pte. Ltd)	76	76	Singapore
NBRC Pte. Ltd. (1)	76	76	Singapore
Subsidiaries of Accord Customer Care Solutions (Aust) Pty Ltd			
Accord Customer Care Solutions (Network) Pty Ltd (3)	100	100	Australia
Accord Customer Care Solutions (NSW) Pty Ltd (3) **	100	100	Australia
mDR (New Zealand) Ltd (3) (formerly known as Mobile phone repair.com NZ Limited)	100	100	New Zealand
Accord CCS Thailand Co., Ltd (5) (also shown as a subsidiary of Accord Customer Care Solutions (Asia) Ltd.)	-	50	Thailand

11 INVESTMENT IN SUBSIDIARIES (cont'd)

Notes on cost

(a) Less than $1,000.

Auditors of subsidiaries for 2010:

(1) Deloitte & Touche LLP, Singapore.

(2) Mazars, Malaysia.

(3) These subsidiaries have commenced liquidation.

(4) These subsidiaries have been deregistered during the year.

(5) These subsidiaries have been sold during the year.

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

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

* In 2009, the Company's auditors were unable to satisfy themselves 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. These subsidiaries contributed $680,000 loss to the Group for the year ended December 31, 2009 and represented $31,000 to net assets as at December 31, 2009. During the current year, mDR Services India Pvt Ltd ceased active business operations since June 2010 while Accord Customer Care Solutions India Pvt Ltd was a dormant company. Accordingly, their contribution to the Group for the year is not material. In November 2010, these subsidiaries have been sold for a consideration of Indian Rupee $1 each and the Group recorded a gain on disposal of $2.045 million.

** In 2009, 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. In 2010, these subsidiaries are in the process of being liquidated.

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, 2009	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
Exchange differences	(3)	(32)	(4)	(26)	(65)
Additions	105	49	203	882	1,239
Disposal of business/subsidiaries	-	(885)	(87)	(291)	(1,263)
Reclassifications	1	-	-	(1)	-
Disposals	(972)	(2,050)	(182)	(873)	(4,077)
At December 31, 2010	3,200	477	273	2,971	6,921
Accumulated depreciation:					
At January 1, 2009	4,573	2,360	266	2,849	10,048
Exchange differences	64	(3)	(3)	197	255
Depreciation	302	215	49	541	1,107
Disposal of business/subsidiaries	(294)	(84)	-	(690)	(1,068)
Reclassifications	(32)	-	-	-	(32)
Disposals	(849)	(412)	(112)	(821)	(2,194)
At December 31, 2009	3,764	2,076	200	2,076	8,116
Exchange differences	(3)	(39)	(5)	(27)	(74)
Depreciation	160	67	48	544	819
Disposal of business/subsidiaries	-	(884)	(87)	(259)	(1,230)
Disposals	(906)	(1,047)	(125)	(767)	(2,845)
At December 31, 2010	3,015	173	31	1,567	4,786
Impairment:					
At January 1, 2009	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
Exchange differences	-	4	-	1	5
Impairment loss	-	62	-	-	62
Disposals	(22)	(919)	-	(23)	(964)
At December 31, 2010	-	1	-	33	34
Carrying amount:					
At December 31, 2010	185	303	242	1,371	2,101
At December 31, 2009	283	465	143	1,149	2,040

12 PLANT AND EQUIPMENT (cont'd)

	Computers and computer system	Other plant and equipment	Furniture, fittings and renovations	Total
	$'000	$'000	$'000	$'000
Company				
Cost:				
At January 1, 2009	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
Additions	2	2	17	21
Disposals	(41)	(4)	-	(45)
At December 31, 2010	1,907	55	50	2,012
Accumulated depreciation:				
At January 1, 2009	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
Depreciation	43	8	13	64
Disposals	(40)	(2)	-	(42)
At December 31, 2010	1,886	27	31	1,944
Carrying amount:				
At December 31, 2010	21	28	19	68
At December 31, 2009	63	36	15	114

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 $62,000 (2009 : $246,000) included under other operating expenses.

13 OTHER INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At cost:				
Unquoted bonds	-	-	-	-
Unquoted equity shares	758	12,300	-	11,500
Unquoted others	-	412	-	-
	758	12,712	-	11,500
Provision for impairment	(758)	(12,712)	-	(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 LONG-TERM LOAN RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Due from subsidiaries (Note 11)	-	-	2,983	-
Less: Allowance for doubtful loan receivables	-	-	(2,983)	-
	-	-	-	-

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

15 OTHER GOODWILL

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Cost:				
At beginning of year	9,135	9,135	-	-
Written off during the year	(463)	-	-	-
At end of year	8,672	9,135	-	-
Impairment:				
At beginning of year	6,785	6,635	-	-
Charge to profit or loss (Note 27)	-	150	-	-
Written off during the year	(463)	-	-	-
At end of year	6,322	6,785	-	-
Carrying amount:				
At end of year	2,350	2,350	-	-
At beginning of year	2,350	2,500	-	-

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

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

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on growth rate of 2% (2009 : 2%) per annum. The rate used to discount the cash flow forecasts is 7.8% (2009 : 12.43%) per annum.

As at December 31, 2010, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of other goodwill.

For the year ended December 31, 2010, no impairment (2009 : $150,000) was recognised.

16 BANK OVERDRAFTS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Bank overdrafts	8,678	8,850	2,037	2,203

a) The average effective interest rates paid for bank overdrafts (unsecured) is 5.96% to 6.04% (2009 : 5.91% to 5.96%) 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 1.5% equity linked redeemable non-recallable structured convertible notes ("Notes") that are due in 2011 amounting to $32,000,000. As at December 31, 2010, the Company has issued a total of $12,000,000 (2009 : $7,500,000) and the holder of the convertible notes has converted $11,950,000 (2009 : $6,950,000) into equity shares of the Company and the balance of $50,000 (2009 : $550,000) has been disclosed as current liability which is convertible into equity shares or due for redemption on demand at the option of the holder.

Subsequent to the end of the financial year, the Notes expired on 17 February 2011 with all outstanding notes fully converted into equity shares.

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

The Group has not complied with one of its debt covenants pursuant to the convertible bonds agreement since June 30, 2009 and as a result the loan facilities are repayable on demand and have been disclosed as current liability in these financial statements. During the year, the due date of convertible bonds has been further extended to March 31, 2011 upon expiry on June 29, 2010 as the lenders are currently reviewing the documentation to formalise the restructuring plan. Notwithstanding this, the Group has commenced monthly instalment payments of its outstanding borrowings with the lenders since January 31, 2010 under a proposed debt restructuring plan. The Group and the lenders are in the midst of completing its proposed debt restructuring plan.

Subsequent to the end of the financial year, the Company has served a redemption notice on March 22, 2011 to redeem the outstanding Class A convertible bonds amounting to $4.96 million (Note 35).

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

17 **CONVERTIBLE LOAN NOTES (cont'd)**

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
<u>2010</u>			
Fair value	50	5,889	5,939
Difference between carrying amount and amount contractually required to be paid at maturity	-	(589)	(589)
Amount payable at maturity	50	5,300	5,350
Change in fair value not attributable to changes in market conditions	-	26	26
<u>2009</u>			
Fair value	530	8,333	8,863
Difference between carrying amount and amount contractually required to be paid at maturity	20	(833)	(813)
Amount payable at maturity	550	7,500	8,050
Change in fair value not attributable to changes in market conditions	11	75	86

The Group estimates the fair value of the notes/bonds using valuation techniques which include assumptions that are supportable by unobservable 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.

17 CONVERTIBLE LOAN NOTES (cont'd)

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

	2010	2009
	$'000	$'000
Opening balance	8,863	16,716
Total gain in profit or loss	(234)	(2,960)
Issued during the year	4,500	4,500
Repayment of bonds	(2,200)	(4,500)
Conversion to equity	(4,990)	(4,893)
Ending balance	5,939	8,863

18 TRADE PAYABLES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Outside parties	12,976	15,440	537	501
Subsidiaries (Note 11)	-	-	-	57
Related parties (Note 5)	-	188	-	-
	12,976	15,628	537	558

Trade payables principally comprise amounts outstanding for trade purchases.

The average credit period on purchase of goods is 30 days (2009 : 30 days). The Group and the Company have financial risk management policies in place to ensure that all payables are within the credit timeframe.

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
United States Dollar	234	711	7	39
Euro	130	175	87	102
Thai Baht	-	6	-	39
Australian Dollar	10	10	-	-

19 OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Accrued expenses	10,939	12,101	2,311	1,778
Provision for restructuring costs	-	658	-	-
	10,939	12,759	2,311	1,778
Subsidiaries (Note 11)	-	-	2,781	9,699
Related parties (Note 5)	9	158	-	28
	10,948	12,917	5,092	11,505

Movement in provision for restructuring costs:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At beginning of year	658	658	-	-
Utilised during the year	(658)	-	-	-
At end of year	-	658	-	-

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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
United States Dollar	211	-	-	312
Euro	2	-	-	-
Thai Baht	6	-	-	30

20 DEFERRED TAX LIABILITIES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At beginning of year	237	214	-	-
Charge to profit or loss (Note 29)	118	23	-	-
Disposal of subsidiaries	(79)	-	-	-
Exchange differences	(2)	-	-	-
At end of year	274	237	-	-

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

21 DEFINED CONTRIBUTION PLANS

The employees of the Company and its subsidiaries that are located in Singapore and Malaysia are members of the state managed retirement benefit plan as 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 $1,084,000 (2009 : $1,509,600) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2010, contributions of $444,000 (2009 : $409,000) 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.

22 SHARE CAPITAL

	Group and Company			
	2010	2009	2010	2009
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	2,626,394,414	1,784,727,752	104,466	99,894
Convertible loan notes				
– Fair value (gain) loss	-	-	(10)	93
Issue of shares upon conversion of convertible loan notes	1,111,111,107	841,666,662	5,000	4,800
Expenses in relation to conversion of convertible loan notes	-	-	-	(321)
At end of year	3,737,505,521	2,626,394,414	109,456	104,466

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 28,257,274 (2009 : 31,218,126) unissued ordinary shares of the Company under option.

23 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.

23 SHARE-BASED PAYMENTS (cont'd)

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

	Group and Company			
	2010		2009	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	31,218,126	0.203	46,013,121	0.168
Issued during the year	9,280,000	0.005	-	-
Lapsed/Cancelled during the year	(12,240,852)	0.145	(14,794,995)	0.094
Outstanding at the end of the year	28,257,274	0.161	31,218,126	0.203
Exercisable at the end of the year	18,977,274	0.240	31,218,126	0.203

The options outstanding at the end of the year have a weighted average remaining contractual life of 5 years (2009 : 8 years).

In 2010, options were granted on May 20, 2010. The estimated fair values of the options granted on that date were in average $0.0023, $0.0031 and $0.0036 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 $322,000 (2009 : $497,000) from share options reserve for options lapsed during the year. The total expense recognised in 2010 was $14,000 (2009 : $172,000).

The inputs into the Black-Scholes pricing model for share options granted during the year were as follows:

	Group	
	2010	2009
	$'000	$'000
Weighted average share price	$0.005	-
Weighted average exercise price	$0.005	-
Expected volatility	123%	-
Expected life	1-3	-
Risk free rate	2.25%-3.63%	-
Expected dividend yield	Nil	-

24 REVENUE

	Group	
	2010	2009
	$'000	$'000
After-market services income	18,775	19,783
Distribution management solutions income		
Sale of goods	245,115	159,655
Incentive income	51,889	45,241
	297,004	204,896
Revenue from continuing operations	315,779	224,679
After-market services income from discontinued operations	139	5,236
	315,918	229,915

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

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

25 COST OF SALES

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

26 OTHER OPERATING INCOME

	Group					
	Continuing		Discontinued		Total	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Rental income	653	350	-	-	653	350
Interest income on:						
bank deposits	9	12	1	14	10	26
Liabilities written back	211	30	125	75	336	105
Bad debt recovered – non-trade	152	-	-	-	152	-
Others	60	56	7	(56)	67	-
	1,085	448	133	33	1,218	481

27 OTHER OPERATING EXPENSES

	Group					
	Continuing		Discontinued		Total	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Minimum lease payments under operating leases	6,006	6,007	77	800	6,083	6,807
Loss on disposal of plant and equipment	7	497	7	63	14	560
Plant and equipment written off	13	2	101	(2)	114	-
Impairment of goodwill on consolidation	-	3,087	-	-	-	3,087
Impairment of other goodwill (Note 15)	-	150	-	-	-	150
Impairment of plant and equipment	62	-	-	246	62	246
Allowance for inventories (Note 9)	847	379	175	17	1,022	396
Allowance for doubtful trade receivables (Note 7)	54	26	129	562	183	588
Allowance for doubtful other receivables (Note 8)	64	759	412	20	476	779
Bad debts written off – trade	7	86	-	(86)	7	-
Bad debts written off – non-trade	11	(43)	1	43	12	-
Depreciation expenses (Note 12)	797	965	22	142	819	1,107
Foreign currency exchange (gains) losses	(58)	492	487	(3,901)	429	(3,409)
	7,810	12,407	1,411	(2,096)	9,221	10,311

28 FINANCE COST

	Group					
	Continuing		Discontinued		Total	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Interest on bank loans and overdrafts	762	890	10	2	772	892

29 INCOME TAX EXPENSE

	Group					
	Continuing		Discontinued		Total	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax	900	388	(2)	(8)	898	380
Deferred tax (Note 20)	109	23	9	-	118	23
	1,009	411	7	(8)	1,016	403
Under provision of current tax in prior years	282	2,173	-	-	282	2,173
Tax expense (credit)	1,291	2,584	7	(8)	1,298	2,576

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

29 INCOME TAX EXPENSE (cont'd)

The income tax expense for the Group varied from the amount of income tax expense determined by applying the Singapore tax rate of 17% (2009:17%) to profit (loss) before income tax as a result of the following:

	Group	
	2010	2009
	$'000	$'000
Profit (Loss) before tax	7,540	(50)
Tax expense (credit) at the statutory rate	1,282	(9)
Non-deductible items	431	1,861
Non-taxable items	(1,075)	-
Deferred tax assets related to unabsorbed losses utilised	(105)	(591)
Effect of different tax rate of subsidiaries operating in other jurisdictions	483	888
Others	-	(1,746)
	1,016	403
Under provision in prior years - current tax	282	2,173
Net	1,298	2,576

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

	Group	
	2010	2009
	$'000	$'000
Profit (Loss) before tax:		
continuing operations	4,840	(1,217)
discontinued operation	2,700	1,167
	7,540	(50)

Subject to agreement with the relevant tax authorities, the Group has unabsorbed tax losses of $21,664,000 (2009 : $20,449,000) available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of $3,683,000 (2009 : $3,476,000) have not been recognised in the financial statements.

30 DISCONTINUED OPERATIONS

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

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

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

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

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

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

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

In 2009, 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. and deregistered mDR (HK) Limited. The Group also divested its interest in a recycling and recovery subsidiary, Environment Management Technology Pte Ltd which had not made any material contribution to the Group's revenue and profit.

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

	Group	
	2010	2009
	$'000	$'000
Revenue	139	5,236
Cost of sales	(236)	(1,359)
Gross (loss) profit	(97)	3,877
Other operating income	133	33
Administrative expenses	(380)	(2,453)
Other operating expenses [(1)]	(1,411)	2,096
Finance costs	(10)	(2)
(Loss) Profit before tax	(1,765)	3,551
Income tax (expense) credit	(7)	8
(Loss) Profit for the year	(1,772)	3,559
Gain (Loss) arising from de-consolidation of disposed subsidiaries	4,465	(2,384)
Profit from discontinued operations attributable to owners of the Company	2,693	1,175

[(1)] Included in other operating expenses is a loss of $487,000 (2009 : gain of $3,901,000) representing exchange differences.

30 DISCONTINUED OPERATIONS (cont'd)

Details of the disposal are as follows:

	2010	2009
	$'000	$'000
Book values of net assets disposed		
Non-current asset		
Plant and equipment	33	37
Current assets		
Cash and bank balances	136	725
Trade and other receivables	355	581
Inventories	20	119
Total current assets	511	1,425
Non-current liabilities		
Deferred tax liabilities	(79)	-
Current liabilities		
Trade and other payables	(1,755)	(786)
Net (liabilities) assets derecognised	(1,290)	676
Total consideration, satisfied by cash	-	-

	2010	2009
	$'000	$'000
Gain (Loss) on disposal:		
Consideration received	-	-
Net (liabilities) assets derecognised	1,290	(676)
Non-controlling interest derecognised	139	-
Reclassification of currency translation reserve	3,036	(1,708)
Gain (Loss) on disposal	4,465	(2,384)

During the year, discontinued operations contributed a deficit of $910,000 (2009 : surplus of $310,000) to the Group's net operating cash flows and paid $10,000 (2009 : $ 2,000) in respect of financing activities.

31 PROFIT (LOSS) FOR THE YEAR

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

	Group					
	Continuing		Discontinued		Total	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation and amortisation:						
Depreciation of plant and equipment	797	965	22	142	819	1,107
Impairment of plant and equipment	62	-	-	246	62	246
Impairment of goodwill	-	3,237	-	-	-	3,237
Total depreciation, amortisation and impairment	859	4,202	22	388	881	4,590
Directors' remuneration:						
- of the Company	778	530	-	-	778	530
- of the subsidiaries	16	631	-	-	16	631
Total directors' remuneration	794	1,161	-	-	794	1,161
Directors' fee	192	219	-	-	192	219
Employee benefits expense (including directors' remuneration):						
Share-based payments equity settled	14	172	-	-	14	172
Defined contribution plans	1,095	1,121	(11)	164	1,084	1,285
Others	12,880	12,612	213	2,432	13,093	15,044
Total employee benefits expense	13,989	13,905	202	2,596	14,191	16,501
Impairment loss on financial assets:						
Impairment loss recognised on trade receivables	54	26	129	562	183	588
Impairment loss recognised on other receivables	64	759	412	20	476	779
Total impairment loss on financial assets	118	785	541	582	659	1,367
Net foreign exchange (gains) losses	(58)	492	487	(3,901)	429	(3,409)

32 EARNINGS (LOSSES) PER SHARE

From continuing and discontinued operations

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

Earnings (Losses)

	Group	
	2010	2009
	$'000	$'000
Earnings (losses) for the purposes of basic earnings per share (Profit (loss) for the year attributable to owners of the Company)	4,963	(2,561)
Effect of dilutive potential ordinary shares: Interest on convertible loan notes (net of tax)	204	-
Earnings (Losses) for the purposes of diluted earnings (losses) per share	5,167	(2,561)

Number of shares

	2010	2009
Weighted average number of ordinary shares for the purposes of basic earnings (losses) per share	3,137,931,704	2,209,198,830
Effect of dilutive potential ordinary shares: Convertible loan notes	1,012,059,868	-
Weighted average number of ordinary shares for the purposes of diluted earnings (losses) per share	4,149,991,572	2,209,198,830

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

In 2009, the convertible loan notes and share options are antidilutive and hence disregarded in the calculation of diluted earnings (losses) per share.

32 EARNINGS (LOSSES) PER SHARE (cont'd)

From continuing operations

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

Earnings figure are calculated as follows:

	Group	
	2010	2009
	$'000	$'000
Profit (Loss) for the year attributable to owners of the Company	4,963	(2,561)
Less:		
Profit for the year from discontinued operations	2,693	1,175
Earnings (Losses) for the purposes of basic earnings (losses) per share from continuing operations	2,270	(3,736)
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	204	-
Earnings (Losses) for the purposes of diluted earnings (losses) per share from continuing operations	2,474	(3,736)

From discontinued operations

Basic earnings per share for the discontinued operations is 0.09 cents per share (2009 : 0.05 cents per share) and diluted earnings per share for the discontinued operations is 0.06 cents per share (2009 : 0.05 cents per share), based on the profit for the year from the discontinued operations of $2,693,000 (2009 : $1,175,000) and denominators detailed above for basic and diluted earnings per share.

33 CONTINGENT LIABILITIES AND GUARANTEES (SECURED)

A subsidiary has a banker's guarantee amounting to $3,000,000 (2009 : $3,000,000) issued in favour of an equipment principal, entered in the normal course of business and under supply agreements. These are supported by a corporate guarantee from the Company and secured by fixed deposits of $2,224,000 (2009 : $1,715,000) (Note 6).

34 OPERATING LEASE ARRANGEMENTS

	Group	
	2010	2009
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense during the year	6,083	6,807

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

	Group	
	2010	2009
	$'000	$'000
Within one year	6,741	6,351
In the second to fifth year inclusive	6,761	5,386
	13,502	11,737

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

35 SUBSEQUENT EVENTS

On February 17, 2011, the convertible notes (Note 17) expired with all outstanding notes fully converted into equity shares.

On March 22, 2011, the Company served a redemption notice to redeem the outstanding Class A convertible bonds amounting to $4.96 million.

36 SEGMENT INFORMATION

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

36 SEGMENT INFORMATION (cont'd)

Segment revenues and results

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

	Group					
	Continuing				Discontinued	
	AMS	DMS	Unallocated	Total	AMS	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2010						
Segment revenue						
External	18,775	297,004	-	315,779	139	315,918
Inter-segment	-	-	-	-	-	-
	18,775	297,004	-	315,779	139	315,918
Segment result	(2,228)	6,681	-	4,453	(1,386)	3,067
Rental income	36	617	-	653	-	653
Gain from disposal of discontinued operations				-	4,465	4,465
Net foreign exchange gain (loss)				58	(487)	(429)
Loss on disposal of plant and equipment				(7)	(7)	(14)
Change in fair value of financial liabilities designated as at fair value				234	-	234
Liabilities written back				211	125	336
Finance costs				(762)	(10)	(772)
Net profit for the year				4,840	2,700	7,540
Income tax expense				(1,291)	(7)	(1,298)
Net profit for the year				3,549	2,693	6,242
Segment assets	5,972	52,880	-	58,852	-	58,852
Segment liabilities	(12,145)	(26,396)	(1,926)	(40,467)	-	(40,467)
Other segment information						
Capital expenditure	20	1,219	-	1,239	-	1,239
Depreciation and amortisation	95	702	-	797	22	819
Impairment of plant and equipment	62	-	-	62	-	62

36 SEGMENT INFORMATION (cont'd)

	Group					
	Continuing				Discontinued	
	AMS	DMS	Unallocated	Total	AMS	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2009						
Segment revenue						
External	19,783	204,896	-	224,679	5,236	229,915
Inter-segment	-	-	-	-	-	-
	19,783	204,896	-	224,679	5,236	229,915
Segment result	(3,686)	1,008	-	(2,678)	(360)	(3,038)
Rental income	-	350	-	350	-	350
Loss from disposal of discontinued operations				-	(2,384)	(2,384)
Net foreign exchange (loss) gain				(492)	3,901	3,409
Loss on disposal of plant and equipment				(497)	(63)	(560)
Change in fair value of financial liabilities designated as at fair value				2,960	-	2,960
Liabilities written back				30	75	105
Finance costs				(890)	(2)	(892)
Net (loss) profit for the year				(1,217)	1,167	(50)
Income tax (expense) credit				(2,584)	8	(2,576)
Net (loss) profit for the year				(3,801)	1,175	(2,626)
Segment assets	5,248	51,430	-	56,678	1,422	58,100
Segment liabilities	(16,635)	(28,625)	(937)	(46,197)	(1,788)	(47,985)
Other segment information						
Capital expenditure	42	888	-	930	-	930
Depreciation and amortisation	291	674	-	965	142	1,107
Impairment of plant and equipment	-	-	-	-	246	246
Impairment of goodwill	3,087	150	-	3,237	-	3,237

36 SEGMENT INFORMATION (cont'd)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

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.

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

All assets are allocated to reportable segments.

Geographical information

	Revenue from external customers	
	2010	2009
	$'000	$'000
Singapore	314,465	223,584
Malaysia	1,314	1,095
Continuing operations	315,779	224,679
Discontinued operations (Note 30)	139	5,236
	315,918	229,915

	Non-current assets	
	2010	2009
	$'000	$'000
Singapore	4,376	4,057
Malaysia	75	205
Continuing operations	4,451	4,262
Discontinued operations	-	128
Total	4,451	4,390

36 SEGMENT INFORMATION (cont'd)

Information about major customers

Included in revenues arising from After-Market Services are revenues of $13,753,000 (2009 : $7,769,000) and $1,899,000 (2009 $6,907,000) which arose from sales to the segment's two major customers respectively.

Included in revenues arising from Distribution Management Solutions are revenues of $34,135,000 (2009: $29,527,000) and $26,077,000 (2009 : $20,199,000) which arose from sales to the segment's two major customers respectively.

37 RECLASSIFICATIONS AND COMPARATIVE FIGURES

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

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

The items were reclassified as follows:

	Company	
	Previously reported 2009	After reclassification 2009
	$'000	$'000
Trade receivables	6,072	2,241
Other receivables	9,065	12,896

Statistics of Shareholdings

AS AT 15 MARCH 2011

mDR LIMITED

Issued and Paid Up Capital	:	S$110,832,541
Class of Shares	:	Ordinary
Voting Rights	:	One Vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	N0. OF SHARES	%
1 - 999	140	1.34	55,853	0.00
1,000 - 10,000	1,940	18.60	12,880,728	0.34
10,001 - 1,000,000	7,858	75.35	1,190,451,932	31.76
1,000,001 AND ABOVE	491	4.71	2,545,228,119	67.90
TOTAL	10,429	100.00	3,748,616,632	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAN HOR THYE	171,092,337	4.56
2	ISHWAR DASS	140,000,000	3.73
3	POH TIAN PENG	137,924,959	3.68
4	OCBC SECURITIES PRIVATE LTD	133,295,366	3.56
5	DBS NOMINEES PTE LTD	78,725,100	2.10
6	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	77,938,610	2.08
7	CHONG SHIN LEONG	70,000,000	1.87
8	TAN KAH BOH ROBERT	45,000,000	1.20
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	39,061,000	1.04
10	PHILLIP SECURITIES PTE LTD	35,470,758	0.95
11	RAFFLES NOMINEES (PTE) LTD	33,151,330	0.88
12	TEO PHECK CHER	29,447,000	0.79
13	KIM ENG SECURITIES PTE. LTD.	28,377,500	0.76
14	TAN NG KUANG	23,146,394	0.62
15	UOB KAY HIAN PTE LTD	22,261,500	0.59
16	CHAN HING KA ANTHONY	20,000,000	0.53
17	LEAW KEH JUAN	20,000,000	0.53
18	NG CHOO PEE	19,100,000	0.51
19	ABN AMRO CLEARING BANK N.V.	18,650,000	0.50
20	NG SWEE HUA	15,500,000	0.41
	TOTAL	1,158,141,854	30.89

Statistics of Shareholdings

AS AT 15 MARCH 2011

SUBSTANTIAL SHAREHOLDERS

There is no substantial shareholder recorded in the Register of Substantial Shareholders as of 15 March 2011.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on the information provided, to the best knowledge of the Directors of the Company, approximately 99.99% of the Company's shares are held in the hands of public as at 15 March 2011.

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 Paramount Hotel, 25 Marine Parade, Singapore 449536 on Friday, 29 April 2011 at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2010 together with the Auditors' Report thereon. **(Resolution1)**

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

   Mr Philip Eng Heng Nee (Retiring pursuant to Article 90) **(Resolution 2)**

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

   Mr Mah Kah On (Retiring pursuant to Article 90) **(Resolution 3)**

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

3. To approve the payment of Directors' fees of S$192,000 for the year ended 31 December 2010 (2009: S$219,375). **(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) 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

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 6)**

7. **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 (ii)] **(Resolution 7)**

By Order of the Board

Chiang Chai Foong
Secretary
Singapore, 11 April 2011

Notice of Annual General Meeting

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.

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.

(ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting], whichever is the earlier, to issue shares 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 comp leting 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 29 April 2011 at 4.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2010		
2	Re-election of Mr Philip Eng Heng Nee as a Director		
3	Re-election of Mr Mah Kah On as a Director		
4	Approval of Directors' fees amounting to S$192,000		
5	Re-appointment of Deloitte & Touche LLP as Auditors		
6	Authority to issue new shares		
7	Authority to issue shares under the mDR Share Option Scheme 2003		

Dated this _______________ day of ______________________ 2011

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

____

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

*Delete where inapplicable

IMPORTANT: Please read notes overleaf

Notes:

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

General:

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

MDR Limited

Affix
Stamp

Company Secretary
mDR Limited
53 Ubi Crescent
Singapore 408594

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: Ng Peck Hoon
(Audit engagement partner since the
financial year ended 31 December 2010)

Company Secretary
Chiang Chai Foong
ACIS

MDR LIMITED Annual Report 2010

MDR LIMITED
(Company Registration No. 200009059G)

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