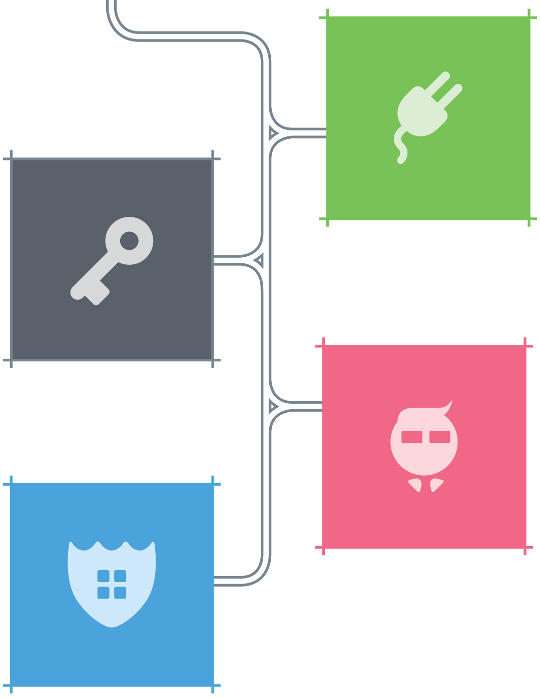
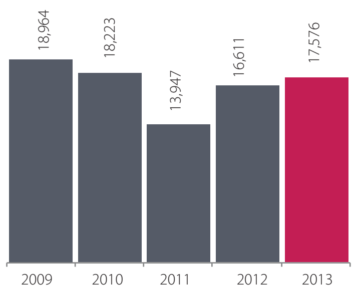
ANNUAL REPORT 2013



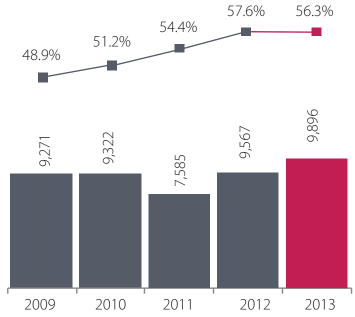
UNIFIED COMMUNICATIONS HOLDINGS LIMITED

Annual Report 2013
Financial Highlights

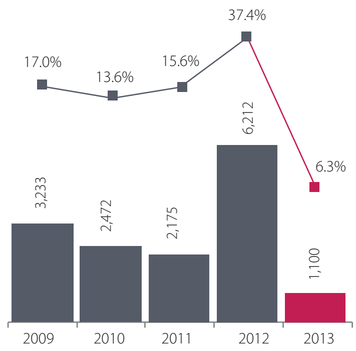
Revenue (S$000)



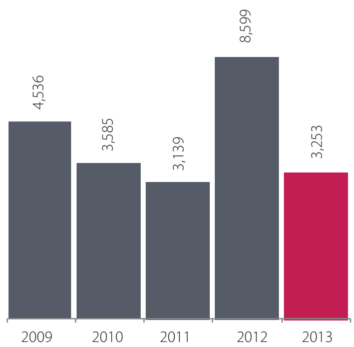
Gross Profit (S$000) &
Gross Profit Margin (%)



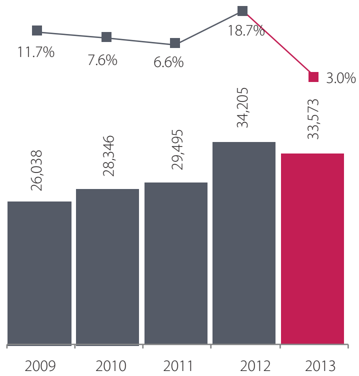
Net Profit (S$000) &
Net Profit Margin (%)



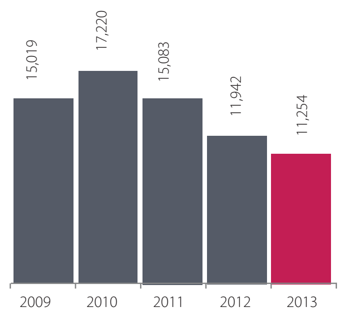
EBITDA (S$000)



Shareholders' Equity (S$000) &
Return on Equity (%)



Cash &
Cash Equivalents (S$000)



Consolidated Income Statement Data
(In S$'000 except per-share amounts)

Years ended 31 Dec	2009	2010	2011	2012	**2013**
Revenue	18,964	18,223	13,947	16,611	**17,576**
Gross profit	9,271	9,322	7,585	9,567	**9,896**
Total operating expenses	7,420	8,462	7,590	9,325	**9,529**
EBITDA	4,536	3,585	3,139	8,599	**3,253**
Profit before income tax	3,287	2,801	2,435	6,934	**1,701**
Net profit	3,233	2,472	2,175	6,212	**1,100**
Basic earnings per share (cents)	0.91	0.65	0.60	1.86	**0.32**

Consolidated Balance Sheet Data
(In S$'000 except per-share amounts)

Years ended 31 Dec	2009	2010	2011	2012	**2013**
Total assets	35,097	36,767	34,809	43,760	**40,246**
Working capital	16,490	18,151	17,659	14,258	**14,437**
Cash and cash equivalents	15,019	17,220	15,083	11,942	**11,254**
Borrowings	10	-	-	-	**-**
Shareholders' equity	26,038	28,346	29,495	34,205	**33,573**
Net asset value per ordinary share (cents)	8.15	8.87	9.23	10.70	**10.51**

HERE'S WHAT WE DO AT UNIFIEDCOMMS...

We create, implement and operate application services. We help operators build their applications with our service enablement platforms. We provide the full range of professional services including custom solution development.

1 APPLICATIONS

WE START WITH EASY-TO-USE MOBILE UTILITY APPLICATION SERVICES THAT SOLVE REAL-WORLD PROBLEMS.

keep me connected

SponsorMe
SponsorCall
CollectCall
CallGard
PhoneShift
NetEx
NotifyMe
NotifyThem
VoiceTxt

i'm in charge

TxtBack
StoraCall
AnonymiseMe
CallCtrl
MyOtherNumber

this is me

StatusTxt
MusicCall
FunTxt
BackgroundMusic
EmotiCall
RingBackTone

i feel secure

PanicCall
TripGard
ChildGard
FriendFinder

2 APPLICATION SERVICE MANAGEMENT

IT DOESN'T END THERE. WE DRIVE MAXIMUM REVENUE FOR OPERATORS BY HELPING PLAN, MARKET, IMPROVE AND MONITOR THE APPLICATION SERVICES THEY GET FROM US.

EXPLORE MORE ON NEXT PAGE

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BUT FOR CUSTOMERS WITH THEIR OWN SPECIFIC REQUIREMENTS, WE OFFER PROVEN TELCO-GRADE SERVICE-ENABLEMENT PLATFORMS.

3 PLATFORMS

Advertising
UniMAP

USSD
UniUMB

Roaming
UniROAM

Messaging
UniSMS

Voice
UniVOICE

WE HAVE THE FULL RANGE OF PROFESSIONAL SERVICES TO SUPPORT OUR CUSTOMERS WHEN USING OUR PLATFORM PRODUCTS OR APPLICATION SERVICES, INCLUDING BUILDING CUSTOM-MADE SOLUTIONS.

4 SERVICES

Custom Software

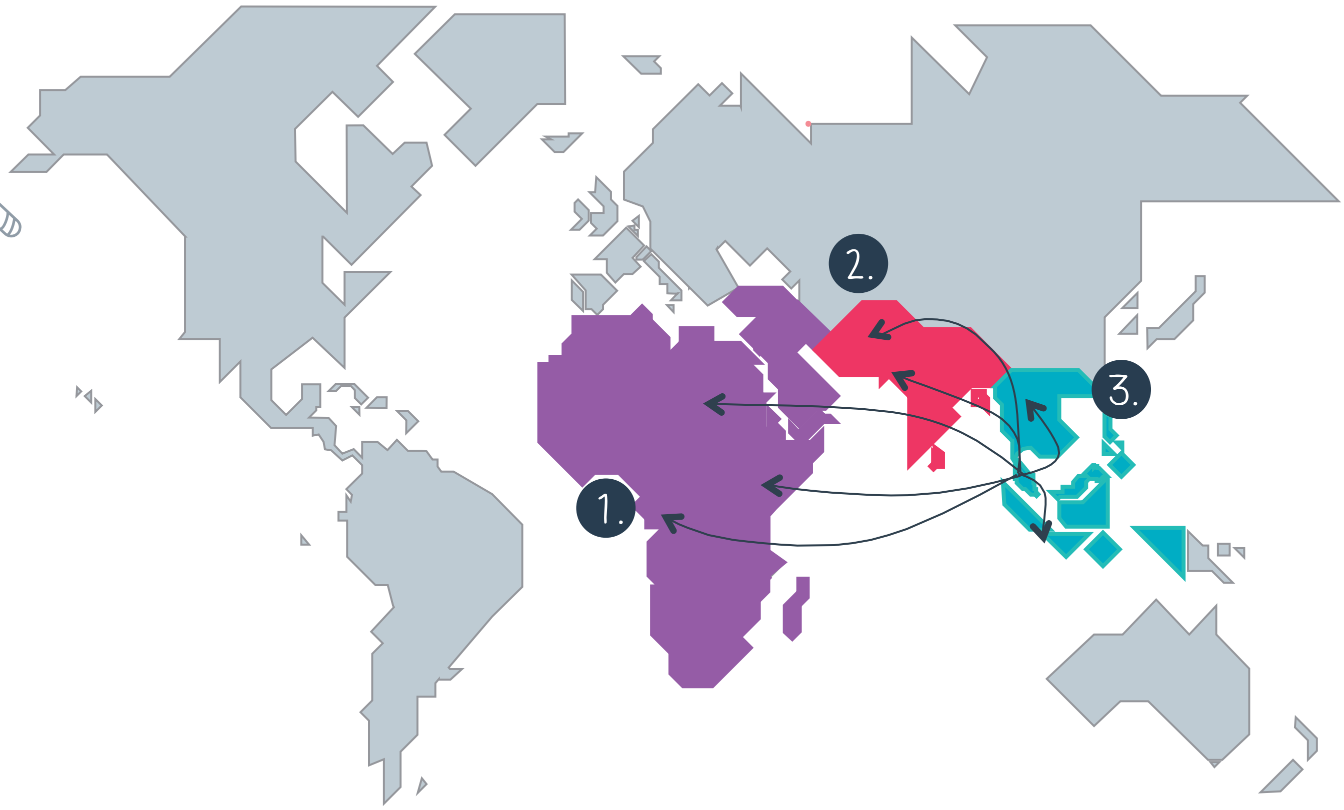
Maintenance and Support

Project Management

Managed Services

5 OUR DEPLOYMENTS

OUR PLATFORM PRODUCTS, APPLICATION SERVICES AND CUSTOMISED SOLUTIONS ARE IN OPERATION IN 15 COUNTRIES, ADDRESSING MORE THAN HALF A BILLION SUBSCRIBERS!



1. Middle East & Africa

Systems Deployed: 10
Countries: 4
Operators: 4
Sub base: 25 million

2. South Asia

Systems Deployed: 8
Countries: 2
Operators: 4
Sub base: 112 million

3. South East Asia

Systems Deployed: 75
Countries: 9
Operators: 24
Sub base: 444 million

32	15	581
operators	countries	subs (m)

SOME STATISTICS THAT WE'RE PROUD ABOUT!

Annual Report 2013
Executive Chairman's Letter

Dear Unifiedcomms Shareholder:

On behalf of the Board of Directors, I am pleased to present the Annual Report of Unified Communications Holdings Limited for the financial year ended 31 December 2013.

A year of marginally higher revenue but lower net profit

Our Group entered the 2013 financial year on the back of five profitable years. At the start of the year we continued to have a significant cash reserve at our disposal to fund the growth of our business. The year however, ultimately proved to be a mixed one just like the year before. In terms of Group revenue we seemed to have turned in an unremarkable set of results compared to 2012. Net profit and ROE outcomes for 2013, inclusive of exceptional items, were both disappointing when compared to 2012. Only by looking more closely at the performance of the underlying business of each of our business units, exclusive of exceptional items, can we see some growth in net profit being delivered in 2013.

Our Mobile Value-Added-Services Business Unit (VAS BU) and Operation Support Systems Business Unit (OSS BU), both recorded higher revenue for 2013 while our Mobile Technology Business Unit (TECH BU) had a relatively flat year. TECH BU's revenue for 2013 was S$6.4 million, down a marginal 1.3% against the S$6.5 million achieved the year before. Of the two BUs that posted improvements in revenue performance, VAS BU recorded the higher increase in revenue of 14.7%, with its 2013 revenue being S$6.7 million compared to S$5.9 million last year. OSS BU's revenue meanwhile rose by 4.7% to S$4.2 million in 2013 against the S$4.0 million it achieved in 2012. The higher revenue delivered by VAS and OSS BUs - which more than offset the slight decline in TECH BU revenue performance - contributed to the S$1.0 million increase in 2013 Group revenue to S$17.6 million.

Gross profit achieved by our Group was higher again this year, in line with the higher revenue recorded. However, unlike 2012, the magnitude of the increase was lesser than that of revenue – gross profit rose by 3.4%, as compared to the 5.8% increase in revenue. This reflected the lower average gross profit margin for the year of 56.3%, which resulted from the less favourable sales mix for 2013, where the lower margin managed service contract revenues of OSS BU comprised a greater proportion of Group revenue for the year. Group profit before tax for 2013 came in at S$1.7 million, about 75.5% lower compared to the S$6.9 million recorded the year before. Our profit after tax for the year meanwhile was S$1.1 million, 82.3% lower than the S$6.2 million achieved last year.

Recording our sixth consecutive year of profits, going into our 16th year of business

2013 represented our sixth consecutive year of profitability. Our profitability as a Group was however considerably reduced compared to 2012. The substantial decline in net profit translated to a step-drop of our Group's return on equity (ROE) from 18.7% to 3.0%. The 2013 financial results seem to indicate that we had a very poor year compared to last year.

This large decline in our bottom-line performance was however largely attributable to a one-off, non-cash, fair value gain we realised and accounted for in our 2012 results, relating to the 40% equity interest we already had in Ahead Mobile Sdn Bhd ("AMSB") before completing its acquisition. The revaluation of this pre-existing equity holding in AMSB yielded a substantial S$5.2 million gain, which went straight to our 2012 bottom-line. Taking away the sizeable contribution of this fair-value gain, our Group recorded negligible adjusted ROE of 2.4%. Compared to this, the 3.0% ROE generated for 2013 - the bottom-line performance of our underlying business shows some improvement over the performance delivered in 2012.

Higher sales but higher managed service contract costs and higher opex impacting profitability

At the bottom of the lower profitability of our business in 2013 was the relatively higher contribution of lower-margin OSS BU managed service contracts, and the higher direct and indirect expenses recorded for the year.

To management of our Group, 2013 was intended to be a catch-up year: a year to deliver results that were expected in 2012, but that ultimately did not materialise. At the core was a new growth and development plan that centred on the design, development and monetisation by managed service model of application software products. We secured several new managed service contracts for the delivery of application services on a revenue-sharing model that achieved launch in 2012 and throughout 2013. Several have grown their subscriber base and revenues at a rapid pace while others have been disappointing due to technical and marketing issues beyond our control. The effect of these underperforming managed service contracts across the South East Asia and South Asia regions, has resulted in poorer-than-expected financial performance of our business.

Continuing to look for opportunities for growth-by-acquisition

At the start of 2013, we continued to have adequate cash balances to continue with the strategy of augmenting organic growth with growth-by-acquisition-and-strategic investment. Management of our Group identified and screened many candidates for acquisition and strategic investment in 2013 but unfortunately none could be progressed further to consummation. The work to identify, screen and engage on new acquisition and strategic investment opportunities will persist in 2014.

Balance sheet strength and dividends

Although we had no acquisitions or strategic investments in 2013, during the year we continued to reinvest in our existing businesses for product development as well as in assets to support the fulfilment and expansion of new and existing managed service contracts. The fresh capital required to fund our existing business is not significant and as a result, we continued to have a strong balance sheet at year-end 2013: zero borrowings and ample cash and cash equivalents of S$11.3 million. This was also after declaring and paying to shareholders a dividend for the fourth year running. We had on 6 September 2013, paid a tax-exempt interim dividend of 0.2 Singapore Cents per share, a 33.3% increase on the dividend paid in 2012. In light of the anticipated capital requirements of our Group's growth and development strategy, no further and final dividend payment has been recommended by our Directors for the financial year ended 31 December 2013.

In gratitude

2013 proved to be a financially disappointing year for our Group. We ended the year with poorer net profit results and did not deliver the performance we had expected for our underlying business. At our three market-facing business units, we faced challenges yet again but faced them with resolve and urgency as best we could. This will certainly continue in the new year ahead. To the talented and dedicated individuals that make up the Unifiedcomms Group and who did their utmost to tackle another tough year, I extend my deepest gratitude for your commitment and dedication, and ask the same from you again in 2014, to move our business onward and upward. To you, our shareholder, I thank you for your continued belief and patience in our people and our business. Last but certainly not least, my thanks go to the government agencies and regulatory bodies for your guidance and continued support.

Wong Tze Leng
Group Executive Chairman

17 March 2014

2013 Year in Review
Chief Executive's Message

Dear Unifiedcomms Shareholder:

It gives me a great pleasure to present to you my review of operations and the financial results of our Group for the 2013 financial year.

An overview of our business

Going into our 16th year of operation I can report that there has been no significant change in the business of our Group since I last wrote to you. Throughout 2013, we continued to address mobile network operators and integrated telecoms service providers with solutions that optimise performance in specific areas of their operations. At the core of these performance optimisation solutions are our Group's proprietary application and platform software products.

We operate primarily in the telecommunications markets of three regions: South East Asia (SEA), South Asia (SA) and the Middle East and Africa (MEA). With the exception of Malaysia, Singapore and Pakistan, where engagement with the customer is conducted directly by our own personnel, the majority of our engagements with customers are carried out through various sales channel partners. This two-tier sales and distribution approach enables us to cost-effectively reach customers within each region of focus and to tap into the local knowledge and insights of our partners to build and deliver compelling solutions.

We continue to offer solutions that address a specific business optimisation problem of the customer. Each solution comprises first a technical component made up of one or several of our application or platform software products and professional services for their adaptation and implementation, and secondly a commercial component that allows election of the most suitable business model for customers' needs, ranging from an outright purchase model to a managed service, revenue-sharing and pay-per-use/pay-as-you-go model.

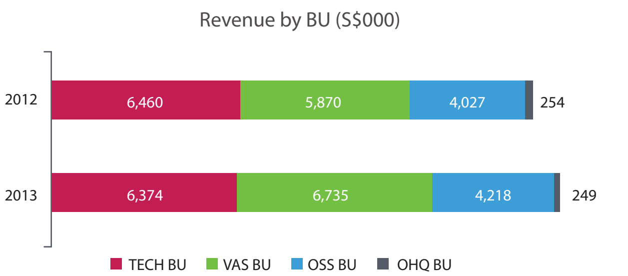
As at end 2013, there are a total of 202 people that are employed by our Group's subsidiary companies. The majority of these personnel are located in Malaysia, where our operational headquarters is situated, while the rest work out of Singapore, Pakistan, Thailand and Vietnam.

Our business remains organised as 3 market-facing business units: we have a Mobile Technology Business Unit (TECH BU); a Mobile Value-Added-Services Business Unit (VAS BU); and lastly an Operation Support Systems Business Unit (OSS BU). In addition, we have an Operational Headquarters Business Unit (OHQ BU) which is not market-facing but serves primarily as a shared resource hub that provides a variety of front and back-office support services to our three market-facing business units. OHQ BU however continues to show some external revenue being generated. This external revenue is the rental income yielded by the investment property our Group acquired back in 2011.

Generally a positive year for Group revenue, but mixed yet again for our BUs

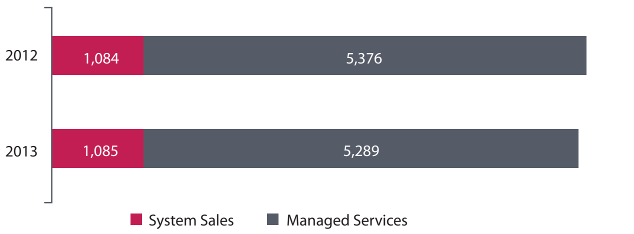
The 2013 financial year was a positive year for our business in terms of Group revenue growth but mixed yet again when we examine the performance of each of our three market-facing BUs. Group revenue rose by S$1.0 million or 5.8% against last year - but not all our BUs showed an increase in their 2013 revenues.

Two of our BUs delivered improvements against their 2012 revenue results while one experienced a flat year. TECH BU was the business that had a flat year, turning in total revenue of S$6.4 million in 2013. VAS BU recorded an improvement in revenue against the year before, posting a S$0.9 million or 14.7% increase in revenue, to end 2013 with total revenue of S$6.7 million. OSS BU similarly had an improved, albeit only marginally better year in 2013, recording a S$0.2 million or 4.7% increase in revenue to S$4.2 million. At S$0.3 million, the rental income that is earned by OHQ BU from our sole investment property in Malaysia remains largely unchanged from the year before.



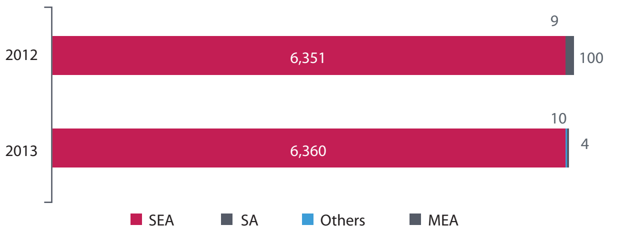
TECH BU's flat revenue performance was not accompanied by any change in the sales mix of the business. TECH BU revenue from system sale contracts remained at S$1.1 million in 2013, while managed service revenues was also relatively unchanged against 2012 results, coming in only marginally lower at S$5.3 million.

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



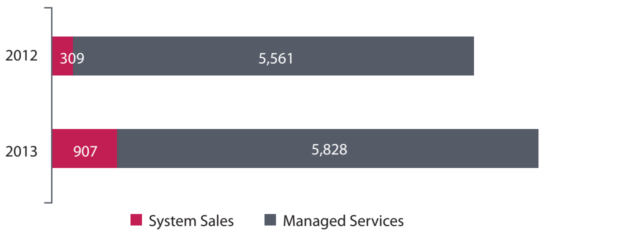
TECH BU's customer base has traditionally been concentrated in the SEA region. This has not changed in 2013, with TECH BU SEA region revenues continuing to account for almost 100% of the total revenue achieved for 2012.

TECH BU Revenue by Geographical Regions (S$000)



The BU with the largest increase in year-on-year total revenue, VAS BU, saw its system sale contract revenues rebound from the all-time low of 2012. The marked improvement in VAS BU system sale contract revenues - from S$0.3 million in 2012 to S$0.9 million in 2013 - was complemented by a 4.8% increase in managed service revenues, rising from S$5.6 million in 2012 to S$5.8 million in 2013.

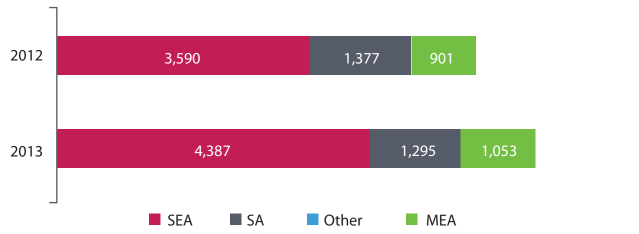
VAS BU Revenue by Type of Contract (S$000)



The improvement in VAS BU system sale contract revenues in 2013 reflects a more positive system sale business in the SEA region. The MEA region was also marginally better in 2013, with revenue from the region increasing 16.9% or S$0.2 million, and like SEA, had higher system sale revenues underpinning the revenue improvement.

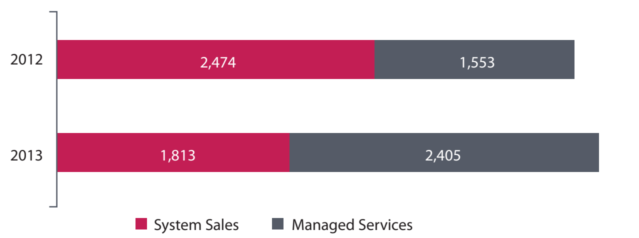
The SEA region delivered most of our Group's growth in revenue for 2013 courtesy of improvements in both system sale and managed service contract revenues. VAS BU sales results from the SA region meanwhile was a little disappointing this year, being marginally lower at S$1.3 million against 2012, due to a weakening local currency and underperformance of certain managed service contracts.

VAS BU Revenue by Geographical Regions (S$000)



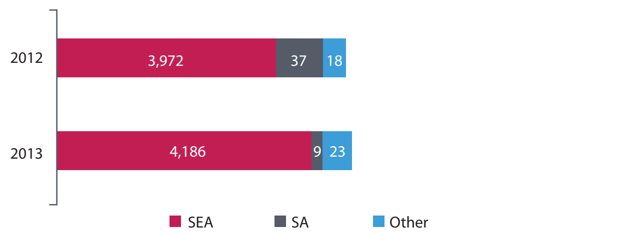
In 2011 and 2012, our OSS BU experienced a substantial decline in system sale contract revenues. This trend persisted in 2013 but its impact on total OSS BU revenue was more than offset by the growth in managed service contract revenues. System sale contracts have been the predominant contract type for OSS BU. However in 2013 for the first time in its trading history, OSS BU had the majority of its revenue being derived from managed service contracts, which rose 54.9% from S$1.6 million in 2012 to S$2.4 million in 2013, representing 57.0% of total OSS BU revenue.

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



OSS BU continues to have both its system sale and managed service business concentrated in the SEA region. The increase in OSS BU revenue from the SEA region reflects the S$0.8 million increase in managed service contract revenues between 2012 and 2013, that had more than offset the decline in system sale contract revenues.

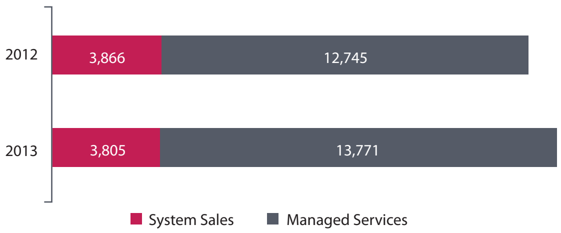
OSS BU Revenue by Geographical Regions (S$000)



Increasingly reduced significance of system sale revenues

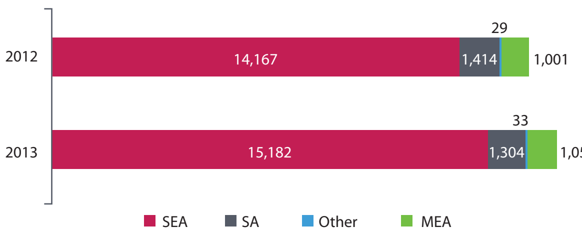
This year, the focus on efforts to grow managed service contract revenues persisted across all our BUs and the sales mix for 2013 speaks of the results of these efforts. Lower system sale contract revenues at OSS BU this year was fully offset by the rise in VAS BU system sale contract revenues. This, coupled with flat system sale contract revenues at TECH BU resulted in flat total system sale contract revenues for the Group in 2013. The improvements in OSS and VAS BU managed service contract revenues meanwhile, underpinned the increase in Group managed service contract revenues from S$12.7 million in 2012 to S$13.8 million in 2013. This improvement of S$1.1 million or 8.1% in our Group's managed service contract revenues was the driver for the rise in Group revenue to S$17.6 million this year, from the S$16.6 million recorded for 2012.

Revenue by Type of Contract (S$000)



We expected the year to be a challenging one for all our BUs, especially the system sale business in the MEA and SEA regions. At S$1.0 million, the MEA region's contribution to total Group revenue was flat in 2013. The SEA region served as the driver for the improvement in Group revenue for the year. However the SA region continued to prove disappointing, due yet again to the weakening local currency in which several managed service contracts are denominated, and the underperformance of certain contracts.

Revenue by Geographical Regions (S$000)

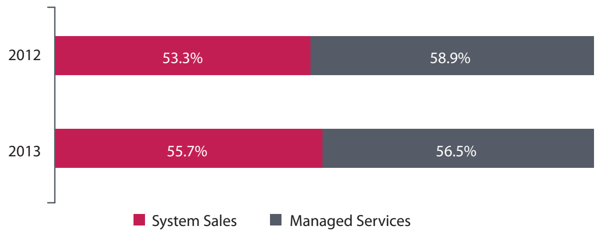


Our Group continues to count SEA, our home region, as the largest geographic source of revenue and gross profit in 2013. The significance of the SEA region as a source of our Group's revenues was further reinforced in 2013, with SEA accounting for 86.4% of Group revenue as compared to 85.3% in 2012.

Higher gross profit achieved, in line with higher revenue

In line with the higher consolidated revenue of S$17.6 million for the 2013 financial year, a 5.8% gain on 2012 revenue, absolute gross profit achieved for the year was higher compared to 2012. Group gross profit for 2013 was S$9.9 million, up by S$0.3 million or 3.4% against what was achieved in 2012. Gross profit grew slower than revenue due to the sales mix achieved in 2013 – where the relatively lower gross profit margin OSS BU managed service contract revenues accounted for the majority of the improvement in Group managed service contract revenue. This, by extension, acted to reduce the overall gross profit margin earned on Group consolidated revenue. In 2012, where the contribution of OSS BU managed service contracts to Group managed service contract revenues was lower, Group managed service contract revenues yielded an average gross profit margin of 58.9%. This year however, Group managed service contract average gross profit margin declined to 56.5%. System sale contract average gross profit margin meanwhile rose to 55.7% in 2013, courtesy of the relatively higher contribution of VAS BU to system sale contract revenues of the Group as compared to 2012, when lower gross profit margin OSS BU system sale contracts contributed more to Group revenue. The improvement in realised gross profit margin on system sale contract revenues was however inadequate in offsetting the decline in managed service contract gross profit margin. This resulted in Group gross profit margin for 2013 declining to 56.3% from 57.6% the year before.

Gross Profit Margin by Type of Contract (%)



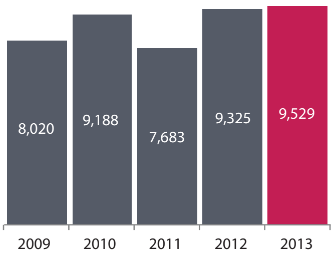
The sales mix of our Group has continued to evolve as planned - during the year we managed to move further along in surpassing our target sales mix of greater than fifty percent of Group revenue being derived from managed service contracts. In 2013 managed service contract revenues accounted for 78.4% of Group revenue, up from 76.7% in 2012.

Higher total opex this year, before and after exceptional items

Our Group's operating expenditure for the year increased to S$9.5 million as compared to S$9.3 million in 2012. In 2012 we had higher foreign exchange losses as a result of unfavourable exchange rate movements of the US Dollar and Pakistan Rupee against the Singapore Dollar; and provisions made for the impairment of development costs, plant and equipment and other assets relating to certain managed service contracts that have been assessed at year-end to be likely to produce lower than expected profitability and returns.

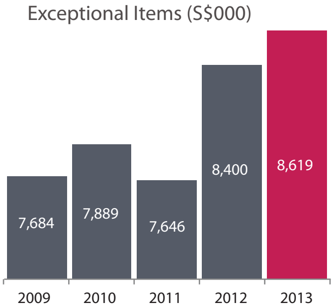
This year we continued to have foreign exchange losses due to the weakening of the Pakistan Rupee against the Singapore Dollar, albeit more muted than 2012, and an impairment loss to take into our income statements. The impairment this year however relates to assets for a managed service contract that has, in spite of the best efforts of Group management to arrive at an amicable resolution, become subject to legal proceedings. There is a possibility that these assets may not be recovered, and for this reason, an impairment charge has been taken in our accounts.

Operating Expenditure (S$000)



Excluding the effect of exceptional items such as the impairment loss this year, our opex for 2013 was S$0.2 million higher at S$8.6 million compared to S$8.4 million for 2012. This increase was due to an increase in the headcount of our Group, especially within OSS BU.

Operating Expenditure before
Exceptional Items (S$000)

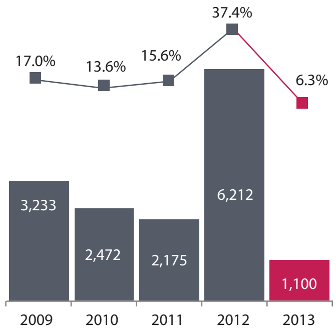


Lower bottom line for the year, but actually a year of improvement in our underlying business

2013 marks our sixth consecutive year of being in the black. Group net profit for the year, at S$1.1 million, is 82.3% lower than the S$6.2 million achieved in 2012. This substantial decline in our Group's bottom-line reflected the large fair value gain that we enjoyed on the revaluation of the pre-existing 40% equity interest that we held in AMSB prior to the acquisition of the remaining 60%, in our 2012 income statement. This one-off, fair value gain had no cash impact on our business and amounted to a sizeable S$5.2 million. When the contribution of this fair value gain is excluded, the performance of our underlying business in 2012 was much less impressive.

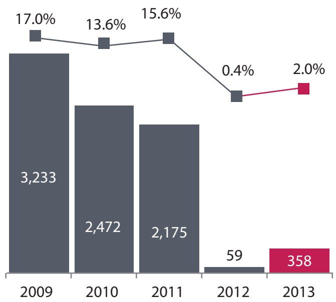
This year we do not have the benefit of this non-cash gain to boost our Group bottom-line but have a further impairment loss to take into our income statement, which had dampened the underlying profit performance of our business.

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



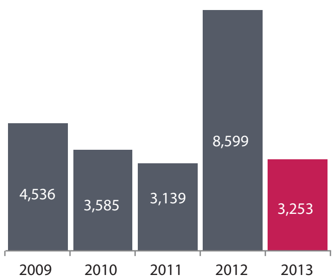
Given these circumstances, our Group achieved 6.3% audited net profit margin for 2013, versus 37.4% for 2012. If the effect of the fair value gain on AMSB is removed, our Group net profit margin for 2012 would instead decline to 0.4%. If the same principle were applied to our 2013 results, Group net profit margin would decline to 2.0% - representing a small improvement on the net profit performance of the underlying business in 2013, if compared to the 0.4% achieved in 2012.

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



The flow-down effect of lower Group net profit before and after exceptional items is very clearly reflected in our EBITDA results for the year.

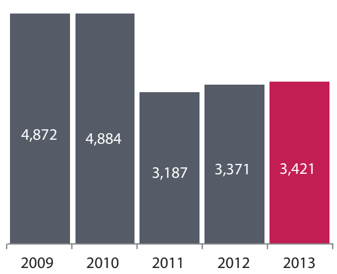
EBITDA (S$000)



2013 Year in Review
Chief Executive's Message

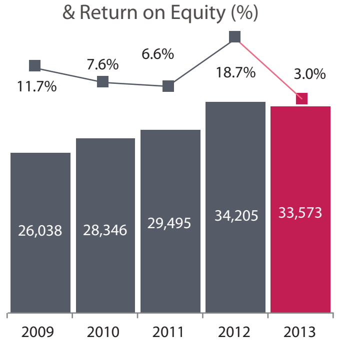
EBITDA declined to S$3.3 million in 2013, a substantial decrease of 62.2%, in tandem with the 82.3% reduction in net profit. A significant proportion of this EBITDA decline is accounted for by the impact on Group net profit of the AMSB fair value gain in 2012, as explained earlier. Removing the effect of this one-off, non-cash item, and also excluding exceptional items for the year, a clearer picture of the cash generation performance of our underlying business can be obtained. EBITDA before exceptional items and fair value gain stood at S$3.4 million for 2013 – a relatively flat result against that achieved in 2012.

EBITDA before Exceptional Items & Fair Value Gain (S$000)



Because of the lower net profit delivered in 2013, our Group's return on equity (ROE) for 2013 declined sharply to 3.0% from the 18.7% achieved in 2012. This single-digit outcome for 2013 is certainly a disappointing one after such a strong ROE result at face value, in 2012. Of course the positive outcome in 2012 was aided by the outsized income contribution from the AMSB fair value gain. Excluding the effect of this exceptional item on the 2012 bottom-line results, 2013 actually represents an improvement in the ROE performance of the Group relative to 2012.

Shareholders Equity (S$000) & Return on Equity (%)



Although the performance of our underlying business in 2013 was not as strong as expected, we did manage to secure progress in growing the contribution of managed service contract portfolio of our business. In particular, application services delivered on a managed service, revenue-sharing model which were newly launched in late 2012 through 2013 are expected to meaningfully contribute in the medium term, towards addressing the step-rise in direct and indirect expenses that our business first incurred in 2012. With the continued improvement expected in the performance of our underlying business in 2014, I am optimistic of our being able to further extend our dividend payout track record – to at least maintain the dividend of 0.2 Singapore Cents per share that was paid last year.

Growth by acquisition

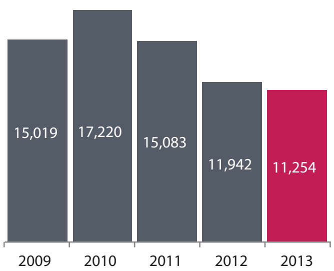
As at end-2013, we continued to have more than sufficient capital to augment our organic growth plans with growth-by-acquisition and strategic investment. This remains an essential element of our current business plan that targets sustained, double-digit Group profit growth and a significant uplift of our ROE performance. So far, we completed the acquisition of our investment property in MSC-status Plaza Sentral, Kuala Lumpur in 2011, and in 2012, the acquisition of the remaining equity interest of AMSB which we did not already own, to turn AMSB into a subsidiary of our Group. Both these acquisitions have positively contributed to the revenue and profits of our Group in 2012.

In 2013, Group management persisted in identifying and evaluating many acquisition and strategic investment opportunities for our Group. Unfortunately I regret to report yet again that none of our engagements in the year were fruitful.

Reviewing our 2013 balance sheet positions

Now to turn to our Group's balance sheet as at the end of the 2013 financial year: we ended 2013 with slightly lower current assets of S$19.7 million, as compared to S$20.0 million as at end-2012. This can be attributed to the net decrease in cash and cash equivalents from S$11.9 million to S$11.3 million – arising largely from the payment of consideration for the acquisition of AMSB. This decline in cash was however offset by the rise in receivables and other assets as a result of higher revenue achieved by the Group.

Cash and Cash Equivalents (S$000)



Our total non-current assets decreased from S$23.8 million as at 31 December 2012 to S$20.5 million as at 31 December 2013. This was mainly due to impairment loss on plant and equipment in relation to the managed service contract assets in India, ongoing depreciation and amortization charges on plant and equipment and intangible assets, and the reversal of other receivables of S$1.0 million relating to the fair value gain on contingent consideration for the acquisition of AMSB. In 2013, these other receivables were reversed out and offset against the balance contingent purchase consideration reported in payables accounts, pending the release of final tranche of purchase consideration on or before 30 June 2014.

Total liabilities of our Group as at 31 December 2013 decreased from S$8.1 million to S$5.3 million. This 34.5% decrease of S$2.8 million was mainly due to the reduction in non-current other payables relating to balance consideration payable on the acquisition of AMSB. In terms of debt, we continued to be debt free at the close of the 2013 financial year.

Reviewing movements in Group cash

Our Group's net cash flows from operations for 2013 was S$3.4 million, an increase of 1.9% as compared to the S$3.3 million in the previous year. This slight increase was mainly contributed by the improvement in operating cash flow before changes in working capital, from S$3.1 million for 2012 to S$3.3 million for 2013.

Our Group's net cash used in investing activities for 2013 amounted to S$0.7 million as compared to S$8.6 million for 2012. The significantly higher net cash used in investing activities in 2012 was due to the payment of the first tranche of purchase consideration amounting to S$4.0 million, and the placement of S$3.6 million in deposits relating to contingent consideration with an escrow agent, all in connection with the acquisition of AMSB. The Group's net cash used in financing activities for 2013 amounted to S$0.8 million as compared to S$0.5 million for 2012. This increase was mainly due to a higher dividend payment to shareholders in the third quarter of the year.

2013: a disappointing year

We expected system sale market conditions to continue to be challenging for our Group in 2013. This proved to be the case not only for market segments occupied by the more mature software products of TECH BU and VAS BU, but also, yet again, for OSS BU. VAS BU managed to secure an increase in system sale contract revenues and total revenue for the year, in spite of the tough environment, while TECH BU was flat and OSS BU saw a further decline in system sale revenue against the previous year. The flat revenue performance of VAS BU in the MEA region coincided with the significantly reduced emphasis on the pursuit of system sale opportunities, as well as protracted or delayed procurements processes on the part of the end-customer. This de-emphasis on system sale contracts was also persisted in the SEA region, as we instead continued to focus on aggressively adding to our managed service contract portfolio. On the whole, VAS BU managed to achieve this objective, by securing several new contracts in the SEA and SA regions.

OSS BU had entered the 2013 financial year with a challenging outlook. The intensification of competition as well as the reduction in capex spending by end-customers saw this BU end the year with lower system sale contract revenues but marginally better total revenue, courtesy of the growth in managed service contract revenues fully offsetting the decline in system sale contract revenues of OSS BU. The increased emphasis placed by BU management on growing managed service revenues since 2012 certainly yielded results in 2013, but the improvement was not large enough to more than offset the decline in system sale revenues to deliver overall top-line and bottom-line growth for the business.

The impact of the slowdown in the system sale business of OSS BU and the flat system sale revenues of TECH BU in 2013 reaffirmed the need for our Group to continue to strengthen our managed service contract portfolio as the platform for delivering steady, if not rapid yet sustainable growth. 2013 was intended as a year for our managed service business across all BUs to catch up on lost time and revenue from 2012. Regrettably this was not realised as we were still dogged by delays and impediments in either implementing, launching or marketing application services associated with newly secured managed service contracts in both the SEA and SA regions.

Challenges and opportunities in 2014 and beyond

Apart from the contribution of existing long-standing managed service contracts, the bulk of the revenues that are expected to be realised by TECH BU in 2014 is expected to continue to be system sale contracts driven by new solution implementation for new and existing customers, as well as solution enhancement, system upgrade and system capacity expansion activities of existing customers, all within the SEA region. VAS BU meanwhile, will continue to have MEA a source of system sale contract revenues, although 2014 will see this BU's efforts and growth continuing to be concentrated in the SEA and SA regions. OSS BU is expected to continue to face a highly competitive and challenging system sale market in 2014.

I expect several of the newly implemented managed service contracts as well as the many new contracts that have been secured or are expected to be secured by our BUs in 2014, to augment the performance expected from existing contracts. The challenge that we, at Group and BU management, will continue to have, is on how to better manage execution risk and more quickly translate secured contracts into substantial sources of recurrent revenue for our Group - in order to turn each contract to break-even and profitable performance sooner rather than later.

Looking to the year ahead and beyond, the common challenge I continue to see being faced by our three market-facing business units is how to do better at managing system implementation and monetization risks. Our Group's financial performance were adversely affected from 2011 through 2013 by the delays in either completing technical integration and implementation, or in implementing the best service marketing plan to suit the specific service, in order to secure steady if not rapid growth

Chief Executive's Message

in usage or users. We have built the capacity and capability to address these matters within our Group, and will continue to work hard to do better at tackling this in the year ahead. We have also tightened and markedly improved our contract investment and selection criteria to avoid being significantly affected by investment made in a service that proves not to be a hit with subscribers, or where there is a significant risk of being impeded in our efforts to recover our assets deployed under such managed service contracts.

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

The 3-year business plan for our Group that commenced in 2012, involved the re-orientation of product and technology development specially of VAS BU towards the design, development and service management of end-user mobile value-added-services, and away from mobile VAS 'platform products' as we have been doing previously. This meant a change in approach, as well as emphasis, in how we do our product development and how we market and sell our wares. This has been taken further in 2013, with the renewal of our application service portfolio and a revamp of our marketing approach for not only existing but newly invented application services.

The newer application and platform software products that we have brought to market between 2012 and 2013, and that will continue to be evolved and conceived in 2014, all power high-utility application services that are either mass-market applications relevant to a broad spectrum of users, or specific applications targeting specific needs or interests. The common thread to all these new services is that they are at their core, applications that either address well-established human needs or solve pressing problems of the subscriber as a human being. We intend to maintain the position that application and platform software products that are premised primarily on powering an end-user service with purely novelty value, but no lasting, day-to-day utility for the user, do not qualify for our attention and investment.

The growing interest and opportunity in internet-driven VAS, mobile media services and applications delivered on an advertisement-supported or advertisement-funded model, and interactive mobile marketing continues to be recognized by Group management. I have been writing in the past three letters to you that there is an opportunity to establish our Group as one of the most significant players in this next-generation of IP-driven mobile VAS in SEA. Although this continues to be an overriding goal that is aligned with the emphasis being placed on managed service contract revenue growth, this year I will yet again temper my remarks with an acknowledgement of the continued relevance and significance of VAS or application services that can be accessed and utilized by the most basic service subscribers, whom still have irregular or limited access to a fast mobile internet connection. Our application service product development direction recognizes this and I remain excited of the future organic growth that our utility-driven application services can provide to our Group, to well-complement more advanced, IP-driven or mobile broadband-dependent VAS.

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

In gratitude

In closing my report to you on the 2013 financial year, I would like to yet again express my gratitude to all the dedicated, determined and talented people that make up the Unifiedcomms team across all our business units. Much hard work was put into the year and I expect 2014 to be challenging. I remain confident that we can improve further in 2014 by continuing to work in good spirit and with creativity to secure growth together.

To you, our shareholder, I thank you yet again for your belief and patience in our management, our people and our business. I hope to deliver the returns that you deserve from the investment you have made in our Group, soon. Last but not least, to the government agencies and regulatory bodies that we have sought counsel and advice from throughout 2013, my thanks for your continued guidance and support.

Anton Syazi Ahmad Sebi
Group Chief Executive Officer

17 March 2014

CORPORATE INFORMATION

Board of Directors	:	Wong Tze Leng	(Group Executive Chairman)
		Anton Syazi Ahmad Sebi	(Group Chief Executive Officer)
		Lee Su Nie	(Non-Independent Non-Executive Director)
		Phuah Peng Hock	(Lead Independent Director)
		Chuah Seong Phaik	(Independent Director)
Company secretaries	:	Tan Siew Hua, ACIS Toon Choi Fan, ACIS	
Registered office	:	168, Jalan Bukit Merah Connection One, Tower 3 #04-08A, Singapore 150168	
Share registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	
Auditors	:	RSM CHIO LIM LLP 8 Wilkie Road #03-08, Wilkie Edge Singapore 228095 Partner-in-charge: Chan Weng Keen Appointed from the financial year ended 31 December 2013	
Bankers	:	DBS Bank Ltd HSBC Bank Malaysia Berhad	

BOARD OF DIRECTORS

Wong Tze Leng
Group Executive Chairman

Mr Wong Tze Leng was appointed Executive Chairman of the Company and the Group on 10 August 2010. Tze Leng previously served as Group Chief Executive Officer, a position he held since 22 December 2002 and was last re-elected to the Board on 27 April 2012. He also currently serves as Head of the Mobile Technology Business Unit of the Group. Tze Leng has over 20 years' experience in the information technology industry, with specific expertise in the telecommunications sector. He started his career in 1988 as an Engineer in the Singapore Institute of Standards & Industrial Research's design and development centre. He gained specialised expertise in computer telephony technology when he joined Federal Computer Services Pte Ltd in 1990 as a Software Engineer and later progressed to the position of Software Manager.

In 1993, he joined Dialogic as an Applications Engineer and was later promoted to the position of Business Development Director for the Asia Pacific region. During his career with Dialogic, he established a close rapport and working relationship with numerous IT companies and telcos in the Asia Pacific region. In 1998, he left Dialogic and founded the Group. Tze Leng graduated from Monash University, Victoria, Australia, with a Bachelors degree in Computer Science in 1985 and subsequently obtained a Bachelors degree in Electrical and Electronic Engineering in 1987 from the same university.

Anton Syazi Ahmad Sebi
Group Chief Executive Officer

Mr Anton Syazi Ahmad Sebi was appointed Chief Executive Officer of the Company and the Group on 10 August 2010. Anton previously served as Group Deputy Chief Executive Officer, a role he held since December 2005, and was first appointed to the Board on 22 June 2006. Anton was last re-elected on 29 April 2013. He is also currently serving as Head of the Mobile Value-Added-Services (VAS) Business Unit of the Group and as General Manager – Corporate Development of Advance Synergy Berhad, the Group's ultimate holding company, a main board listed company on Bursa Malaysia Securities Berhad.

Prior to joining Advance Synergy Berhad in June 2001, Anton was with the South East Asia Investment Banking Division of Credit Suisse First Boston.

Anton graduated from the London School of Economics, University of London, with a Bachelor of Science in Economics. He has a Master of Arts in Finance and holds an Investment Management Certificate awarded by the UK Society of Investment Professionals.

Lee Su Nie
Non-Independent Non-Executive Director

Ms Lee Su Nie has been a Non-Independent Non-Executive Director of the Company since 18 December 2003 and was last re-elected on 28 April 2011. Su Nie was a Non-Executive Chairman of the Company from 22 June 2006 to 10 August 2010. She is also the Non-Independent Director and Group Managing Director of Advance Synergy Berhad, the Group's ultimate holding company (listed on Bursa Malaysia Securities Berhad), and sits on the Board of various subsidiaries and an associated company of Advance Synergy Berhad.

Su Nie graduated from the University of Birmingham, United Kingdom, with a Bachelor of Commerce (Accounting) degree in 1983 and went on to pursue her Master of Science (Business Administration) at the University of Bath, United Kingdom, in 1984. She is also a Fellow Member of The Association of Chartered Certified Accountants, United Kingdom.

In 1985, Su Nie joined Kassim Chan Management Consultants Sdn. Bhd. where she provided management consultancy services. Su Nie joined the Corporate Finance Department of Rakyat Merchant Bankers Berhad in 1989. In 1991, she left Rakyat Merchant Bankers Berhad to join Perdana Merchant Bankers Berhad. Su Nie subsequently left her position as First Vice President, Corporate Finance of the Bank to join Advance Synergy Berhad in 1995.

Chuah Seong Phaik
Independent Director

Mr (Paul) Chuah Seong Phaik was appointed to the Board on 18 December 2003 and was last re-elected on 29 April 2013. Paul has extensive experience in audit, finance and management including eight years as the Finance Director of a main board listed company on Bursa Malaysia Securities Berhad. He is the founder and Chairman of Messrs PCCO PLT (formerly known as Paul Chuah & Co.).

Paul is a fellow of the Institute of Chartered Accountants in England and Wales, a Chartered Accountant of the Malaysian Institute of Accountants, a Certified Public Accountant with the Malaysian Institute of Certified Accountants and an Associate Member of the Institute of Internal Auditors of Malaysia.

Phuah Peng Hock
Lead Independent Director

Mr Phuah Peng Hock was appointed to the Board on 18 December 2003 and was last re-elected on 27 April 2012. He was subsequently appointed by the Board as the Lead Independent Director on 26 February 2014. Peng Hock is the founder and Managing Director of Aviha Consulting Pte Ltd, a boutique management consultancy company focusing in business planning and process upgrading with Information Technology.

Peng Hock started out as a Design Engineer before switching to the business development field. In 1990, he joined Dynacast (S) Pte Ltd, a British-based die-casting company involved in regional marketing work. He then moved on to Ugimagnetic (S) Pte Ltd, a European-based manufacturer of magnet assembly for disk drives, as Marketing Manager in 1992. In 1994, he joined a company set up by the Economic Development Board of Singapore as a Senior Consultant, where he was involved in various areas of management consultancy.

Peng Hock holds a Bachelor of Engineering (Hon) degree from the University of Strathclyde, UK, Graduate Diplomas in Marketing Management (Marketing Institute of Singapore) and Marketing (Chartered Institute of Marketing, UK), as well as a Masters degree in Entrepreneurship & Innovation from Swinburne University of Technology, Australia in 1994.

KEY EXECUTIVE TEAM

Ho Ting Sai
Group Business Development Director

Mr Ho Ting Sai is currently a Group Business Development Director. His main areas of responsibility include business development of the Group as well as overseeing project implementation, service delivery and post sales support for several key clients.

Ting Sai joined the Group in March 1999. Ting Sai has more than 20 years of experience in the information technology and communications industry with core competencies in telecommunications products and services.

Prior to joining the Group, Ting Sai was an R&D engineer with a supplier of very small aperture terminals (VSATs), microwave communications and RF equipment, now a division of a Singapore Government-linked enterprise, and a Product Manager in a multimedia and signalling technologies and platforms vendor.

Ting Sai graduated from the Nanyang Technological University with a Bachelor of Engineering (Hons) degree in Electrical and Electronic Engineering.

Chin Wei Li
Group Financial Controller

Ms Chin Wei Li joined the Group in January 2001 as Group Financial Controller.

Prior to joining the Group, Wei Li was a Senior Manager in the audit assurance services group of PriceWaterhouseCoopers Malaysia, where she gained 11 years' of extensive experience in the field of business assurance involving various public-listed companies in a wide range of industries including property, financial services, timber and publishing.

Wei Li is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

Ng Sai Kit
General Manager-Group Corporate Development &
Executive Director of Mobilization Sdn Bhd

Mr Ng Sai Kit joined the Group in October 2007 and was appointed to his current position in March 2011. He works closely with the Group Executive Directors on new business, strategic planning, investments and for all corporate finance, corporate affairs and investor-relations related matters of the Group.

In October 2010, Sai Kit was further appointed as the Executive Director of Mobilization Sdn Bhd, a unit of the Company established to spearhead the Group's engagement in the growing markets for mobile media, mobile content and mobile marketing and advertising services.

Prior to joining the Group, Sai Kit was in audit and corporate finance roles in various industries including property development, audit assurance, financial advisory, investment banking, plywood manufacturing and district cooling.

Sai Kit is a Chartered Accountant of the Malaysia Institute of Accountants and Fellow Member of The Association of Chartered Certified Accountants, United Kingdom.

Phang Deng Sheng
General Manager-Group Finance

Mr (Danson) Phang Deng Sheng joined the Group in May 2008 as Senior Manager of Group Finance and was appointed General Manager-Group Finance in March 2011.

Prior to joining the Group, Danson was Group Financial Controller of a Malaysia Stock Exchange listed enterprise engaged in the mobile value-added-services industry. Between 1999 and 2006, he gained comprehensive experience in audit, accounting and finance with a leading audit assurance services group, a Malaysia listed corporation in the construction industry and one of the world's largest automotive interiors groups.

Danson graduated from the University of Strathclyde of Scotland with a Bachelor of Accounting and Finance degree. He is also a Chartered Management Accountant of the Chartered Institute of Management Accountants, United Kingdom.

Yong Choon Vooi
General Manager-Group Service Delivery

Mr Yong Choon Vooi ("CV") joined the Group in February 2008 and served as Senior Manager-Group Programme Management Office before being appointed General Manager-Group Service Delivery in March 2011. CV has more than 15 years of experience in the field of software development and project management. In his current capacity, he is responsible for programme and project management, technical system implementation and post implementation support/ customer care functions of the Group.

CV started his career with a software development house of one of the largest Malaysian conglomerates as programmer, before joining a Malaysian Stock Exchange listed enterprise specialising in human resource management and financial/distribution software and thereafter, a large Malaysian education services group as Project Director of their campus management solutions development company. Prior to joining the Group, CV was the Senior Project Manager of a Malaysia-based firm that develops various solutions for the financial services industry. CV graduated with a Bachelor of Computer Science from Campbell University, Texas, USA.

Wong Kok Choy
Senior Manager-Application Development

Mr Wong Kok Choy ("KC") joined the Group in January 2003 and has more than 12 years of experience in the field of software development and integration in the telecommunications network operator environment, specializing in mobile value-added-services (VAS). He is currently responsible for product management, as well as overseeing the development of application software products and systems of VAS BU.

KC started his career in 2001 with DiGi Telecommunications, one of the largest mobile telecommunication network operators in Malaysia focusing on operations, mediation and software development. He subsequently joined the Group in 2003 in a software development capacity, moving through various roles from solution architect through to team lead and manager before assuming his present position.

KC graduated with a first class honours Bachelors Degree in Computing from Staffordshire University in 2001 and received the Staffordshire University School of Computing Prize for the Best Project by a Student of B.Sc (Hons) in Computing (Internet Technology).

Loo Mun Chung
Senior Manager-Platform Development

Mr Loo Mun Chung ("Loo") first joined the Group in 2001 as a telecommunications engineer and has progressed through the ranks to his current position. Loo is responsible for leading TECH BU's telecommunications engineering specialists to develop platform products and systems and to deliver technical implementation and support services to the Group's customers. As Senior Manager of Platform Development, he is also actively involved in platform product management, software and solution design, as well as pre-sales support activities of TECH BU.

Loo graduated from Sheffield Hallam University in 2000 with a Bachelor of Electrical and Electronic Engineering (Hons) degree.

Ann Wan Kuan
Chief Executive Officer of GlobeOSS Sdn Bhd

Mr Ann Wan Kuan ("Ann") is CEO of GlobeOSS Sdn Bhd, the principal operating subsidiary of the Group's Operation Support Systems Business Unit (OSS BU), which provides the OSS solutions, services and software that drive next-generation communications networks.

Prior to setting up GlobeOSS, Ann worked with Agilent Technologies & Hewlett-Packard, undertaking various leadership positions such as SEA Consulting Manager for Hewlett-Packard, Asia Pacific OSS Manager for Agilent Technologies and Managing Director for Agilent Technologies Sales Malaysia. Throughout his 18 years of experience in the OSS and telecommunications industry, Ann worked with more than 30 various mobile and fixed-line operators in the Asia Pacific region.

Ann graduated with a first class honours Bachelors Degree in Electronic Engineering from University of Manchester Institute of Science and Technology in 1993.

Lim Peng Kwong
Operations Director of GlobeOSS Sdn Bhd

Mr Lim Peng Kwong ("Lim") currently serves as Operations Director of GlobeOSS Sdn Bhd. He joined GlobeOSS in January 2006 and was appointed to his current position in November 2007. He is responsible for GlobeOSS' overall strategic technology direction in its managed services business. In addition, he also leads and supports the overall service delivery operations of GlobeOSS.

Lim has more than 15 years of experience in the consumer durable, automobile and telecommunications industries. Prior to joining GlobeOSS, he was a co-founder of a Singapore-based company that provides unified messaging solutions to customers in Singapore, Korea, Taiwan, Malaysia, US, China and Hong Kong.

His experience spans the areas of software development; systems integration and system deployment in the information technology and telecommunications industries, with comprehensive domain knowledge specifically in OSS.

Lim holds a Bachelor of Science degree in Information Technology from Campbell University USA, and a Diploma in Computer Science from Tunku Abdul Rahman College Malaysia.

KEY EXECUTIVE TEAM

Cheah Foo Choong
General Manager of Mobilization Sdn Bhd

Mr (Darren) Cheah Foo Choong joined Mobilization Sdn Bhd in June 2010 as General Manager and is responsible for the overall management of Mobilization business operations. He brings with him more than 10 years experience in the fields of retail marketing, general marketing and comprehensive expertise in content services marketing and management.

Darren started his career in 1996 in the advertising and promotions department of The Store and progressed to the position of Assistant Manager of their loyalty rewards programme. In 2004 he joined Unrealmind Interactive Berhad, a pioneer in the premium SMS business in Malaysia as Manager in the Advertising & Promotions department where he led and managed the advertising and promotion activities of the company's core products as well as the loyalty program. In 2006, Darren was with R&D Media Malaysia Sdn Bhd, a Dutch premium SMS business as their Regional Manager-Marketing and Content. He then progressed to the position of General Manager in 2008, reporting to the Group CEO based in Amsterdam before joining the Group in 2010.

Darren holds a Masters in Business Administration (MBA) degree from Nottingham Trent University.

Yap Wai Shoong
Director and General Manager of Ahead Mobile Sdn Bhd

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

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

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

The Board of Directors ("Board") and management of Unified Communications Holdings Limited ("the Company") remain committed to observing and maintaining a high standard of corporate governance to protect the interests of shareholders and other stakeholders and to promote investors' confidence. This report describes the Company's corporate governance practices with reference to the principles and guidelines set out in the revised Code of Corporate Governance 2012 (the "Code") and the extent of compliance thereto. In areas where the Company deviates from the Code, the rationale is provided.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The direction and control of the Company and its subsidiaries ("the Group") rests firmly with the Board as it effectively assumes the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investments and operations of the Group.

In addition to its statutory duties, the Board's principal functions are as follows:

1. Approving the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;

2. Approving the annual budget, reviewing the performance of the business and approving the release of the quarterly and year end results announcement of the Company to shareholders;

3. Providing guidance in the overall management of the business and affairs of the Group;

4. Overseeing the processes for risk management, financial reporting and compliance; and

5. Approving the recommended framework of remuneration for the Board and key executives by the Remuneration Committee.

The Board delegates certain specific responsibilities to three (3) committees namely, Audit, Nominating and Remuneration Committees. The Board accepts that while these Committees have the authority to examine any particular issue and report back to the Board with their recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board meets at least four (4) times a year, with additional meetings convened as warranted by particular circumstances as deemed appropriate by the Board.

The attendance of the directors at Board and Board Committees Meetings, as well as the frequency of such meetings during the financial year, are set out in Table A.

Matters which are specifically reserved to the Board for decision include those involving business plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, corporate strategy, share issuances, dividends, and any major decisions that may have an impact on the Group. The Board reviews management's performance, directs the Company's values and standards, and objectively takes decisions in the best interest of the Group.

There was no new director appointment during the financial year ended 31 December 2013. Upon appointment of each new director, a formal letter, setting out the director's duties and obligations shall be provided by the Company. In addition, all newly appointed directors will be given briefings by management on the history, business operations and corporate governance practices of the Company. The directors will also be briefed on new updates in the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Companies Act or other regulations/statutory requirements from time to time for them to keep pace with changes in the regulatory environment and commercial risks. In addition, the directors are encouraged to attend seminars and training, or to seek independent professional advice, where relevant and appropriate, to enable them to discharge their duties.

Principle 2: Board Composition and Guidance

The Board currently comprises five (5) directors, all of whom, except for the Executive Chairman and Chief Executive Officer ("CEO"), are non-executive and two (2) of whom are independent.

The directors in office at the date of this report is disclosed within Table B below.

The Board is supported by various committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") whose functions are also described below.

The criterion of independence is based on the guidelines stated in the Code. The Board considers an "Independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company.

Table A: Directors Attendance at Board and Board Committee Meetings								
Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Wong Tze Leng	5	5	n.a	n.a	n.a	n.a	n.a	n.a
Anton Syazi Ahmad Sebi	5	5	n.a	n.a	n.a	n.a	n.a	n.a
Chuah Seong Phaik	5	5	4	4	1	1	1	1
Phuah Peng Hock	5	5	4	4	1	1	1	1
Lee Su Nie	5	5	4	4	1	1	1	1

(n.a.-not applicable)

Table B: Members of the Board		
Executive Directors	Non-Independent Non-Executive Director	Independent Directors
Wong Tze Leng Anton Syazi Ahmad Sebi	Lee Su Nie	Chuah Seong Phaik Phuah Peng Hock

The independence of the Independent Director is subject to the NC's review annually, based on the guidelines stated in the Code, in particular the rigorous review on the continued independence of Independent Directors who have served for more than nine (9) years from the date of their first appointment.

In respect of each of the two (2) Independent Directors, namely Chuah Seong Phaik and Phuah Peng Hock having served more than nine (9) years, the Board has considered specifically their length of service and their continued independence. The Board determined that the Independent Directors remained independent in character and judgment, and that there were no relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. The Board is of the opinion that their length of service has not, in anyway, affected their independence.

Referring to all other directors who have served beyond nine (9) years, the Board does not consider the requirement of their retirement (if any) to be in the best interests of the Company.

The Board is able to exercise objective judgment independently from management and no individual or small group of individuals dominate the decisions of the Board.

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The Board is made up of directors who are qualified and experienced in various fields including sales, engineering, business administration, general management, accountancy and finance.

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

Principle 3: Chairman and Chief Executive Officer

Wong Tze Leng is the Executive Chairman of the Board and Anton Syazi Ahmad Sebi is the CEO of the Company, they are not releted to each other. The Board having considered the number of Non-Executive and Independent Directors on the Board, as well as the size and scope of the affairs and operations of the Group, is of the view that its current structure has a strong independent element which enables the independent exercise of objective judgment on corporate affairs of the Group. This is reinforced by the establishment of the various Committees of which both Tze Leng and Anton are not members.

As the Chairman of the Board, Tze Leng is responsible for providing leadership to the Board and ensuring that the Board functions effectively, he is also responsible for, among others;

(a) scheduling meetings of the Board and setting the Board meeting agenda in consultation with the Company's senior management;

(b) exercising control over quality, quantity and timeliness of the flow of information between management and the Board;

(c) ensuring compliance with the Company's guidelines on corporate governance; and

(d) facilitating the effective contribution of Non-Executive Directors.

Prior to Board meetings, all directors are provided with board papers so that the directors have complete and timely information to enable them to be adequately prepared for the meetings.

The roles of the Chairman and CEO are separate and their responsibilities are clearly formalised. The CEO leads management and manages the business of the Group and executes business policies, strategies, objective and plans as formalised and adopted by the Board.

The Board has on 26 February 2014 appointed Phuah Peng Hock as the Lead Independent Director. The Lead Independent Director will be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman or the CEO has failed to resolve their concerns or is inappropriate.

Principle 4: Board Membership
Principle 5: Board Performance

Nominating Committee ("NC")

To facilitate a formal and transparent process for the appointment of new directors, the Board has formed the NC which comprises: -

Chuah Seong Phaik	(Chairman)
Phuah Peng Hock	(Member)
Lee Su Nie	(Member)

All three Committee members are Non-Executive Directors of the Company. Except for Su Nie, all other members of the NC are Independent Directors.

The key terms of reference of the NC :

1. To review and make recommendations to the Board on:
   (a) The Board succession plans for directors;
   (b) The process for performance evaluation of the Board;
   (c) The training and professional development programs for the Board; and
   (d) The appointment and re-appointment of directors.

2. To determine annually whether a director is independent;

3. To decide whether or not each director is able to and has adequately carried out his duties as a director of the Company in particular where the director concerned has multiple board representations;

4. To decide on how the Board's performance may be evaluated and propose objective performance criteria to the Board; and

5. To assess the effectiveness of the Board as a whole and the contributions by each individual director to the effectiveness of the Board.

The role of the NC is to oversee the selection, appointment, re-appointment and induction process for directors. Candidates are selected for their character, judgment and business acumen. New directors will be appointed based on NC's recommendations. Where a director has multiple board representations, the NC will evaluate whether or not a director is able to and has been adequately carrying out his or her duties as director of the Group. The maximum number of listed company representations which any director may hold is set to be not more than five (5).

The profile that comprises key information of each of the directors is provided in page 14 to 15 of this Annual Report.

The independence of each director is reviewed annually by the NC based on the Code's definition of what constitutes an Independent Director. Based on this review, the NC confirms the independence of the directors concerned.

The NC has reviewed the training needs for the directors in 2013 and encouraged directors to attend the relevant training courses that could enhance their knowledge to perform their duties as directors of the Company.

Pursuant to the Articles of Association of the Company:

(a) one third of the directors shall retire from office by rotation and be eligible for re-election at every AGM; and

(b) directors appointed during the course of the financial year must submit themselves for re-election at the next AGM of the Company.

The NC has recommended to the Board that Wong Tze Leng and Lee Su Nie be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the directors' overall contributions and performance.

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

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

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

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

Principle 6: Access to Information

The Board is provided with complete, adequate and timely information prior to Board meetings on an on-going basis so as to enable it to make informed decisions to discharge its duties and responsibilities. The Company circulates copies of minutes of meeting of all Board Committees to the respective members of the Board to keep them informed of on-going development at the Group.

The directors have separate and independent access to the Company's management and the Company Secretary at all times. Directors are entitled to request from management and should be provided with such additional information as needed to make informed decisions in a timely manner. The CEO also keeps the Non-Executive Directors informed, in between Board meetings, on the status of on-going initiatives by the Group. Should the directors, whether as a group or individually, require independent professional advice; such professionals (who will be selected with the approval of the Executive Chairman or the Chairman of the Committee requiring such advice) will be appointed at the Company's expense.

Where a decision has to be made before the Company's Board meeting is convened, a Directors' Resolution is circulated in accordance with the Articles of Association of the Company and the directors are provided with the necessary information that will allow them to make informed decisions. The CEO will also ensure that management promptly answers any queries raised by the directors.

The Company Secretary attends the Company's meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary assists senior management in ensuring that the Company complies with rules and regulations which are applicable to the Company. The appointment and removal of the Company Secretary is subject to approval of the Board.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The Remuneration Committee ("RC") comprises all Non-Executive Directors with the majority including the Chairman being independent:

Phuah Peng Hock	(Chairman)
Chuah Seong Phaik	(Member)
Lee Su Nie	(Member)

The RC's key terms of reference include:-

1. To review and recommend to the Board a general framework of remuneration and specific remuneration packages for the Board and key executives;

2. To review and ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate and commercially competitive;

3. To structure a significant and appropriate proportion of Executive Directors' and key executives' remuneration so as to link rewards to corporate and individual performance;

4. To review and ensure the remuneration of Non-Executive Directors to be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors; and

5. To consider the various disclosure requirements for directors' remuneration, particularly those required by regulatory bodies such as SGX-ST.

The Executive Directors do not receive directors' fees. The remuneration of the Executive Directors and the key executives comprises fixed and variable components. The fixed component is in the form of monthly base salary while variable component is linked to the performance of the Group and the individual. Staff appraisals are conducted and reviewed annually.

The Non-Executive Directors receive directors' fees, in accordance with their level of contribution and responsibilities.

The Executive Chairman is currently serving his service agreement which he has renewed for a further period of three (3) years with the Company on 19 December 2012 ("Service Agreement"). The Service Agreement covers the terms of employment, specifically salary and other benefits.

In setting remuneration packages, the RC took into account the performance of the Group as well as the directors and key executives by aligning their interests with those of the shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The review of remuneration packages takes into consideration the longer term interests of the Group. The RC's recommendation is made in consultation with the Executive Chairman and CEO and submitted for endorsement by the entire Board.

The payment of directors' fees is subject to the approval by shareholders.

In the interest of maintaining confidentiality, morale and team spirit within the Group, the Company has not disclosed the remuneration of each individual directors and key executives.

Remuneration of Directors

The Company is only disclosing the bands of remuneration of each director for the financial year under review in Table C.

In aggregate, the total remuneration paid and payable to the directors for the financial year ended 31 December 2013 is S$510,000.

Save as disclosed, there are no other existing service agreement entered into between the Company and any of the Company's directors.

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

Remuneration of Key Executives

Details of remuneration paid to the top eleven (11) key executives (who are not directors of the Company) of the Group for the financial year is set out below. For competitive reasons, the Company is only disclosing the bands of remuneration of each executive for the financial year under review in Table D.

In aggregate, the total remuneration paid and payable to the key executives for the financial year ended 31 December 2013 is S$1,477,000.

During the financial year, there is no employee or executive officer who is related to a director and the CEO, and whose remuneration exceeds S$50,000 per annum.

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

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the quarterly, annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects. Management will provide the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis.

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

Pursuant to SGX-ST Listing Manual Rule 705 (5), the Board provided a negative assurance confirmation for the quarterly financial statements to shareholders.

Principle 11: Risk Management and Internal Controls

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the interests of the shareholders and the Group's assets.

The Board and management assume the responsibility of the risk management function through the regular management review on the Group's business and operational activities. The Board determines the nature and extent of the significant risks which the Board is willing to take, as well as appropriate measures to mitigate these risks.

Table C: Bands of Directors' Remuneration

Name of Directors	Fee %	Salary %	Bonus %	Allowance & Benefits %	Long Term Incentives %	Total %
S$250,001– S$500,000						
Wong Tze Leng [1]	-	70	15	15	-	100
Below S$250,000						
Anton Syazi Ahmad Sebi [2]	-	77	-	23	-	100
Chuah Seong Phaik [3]	100	-	-	-	-	100
Phuah Peng Hock [3]	100	-	-	-	-	100
Lee Su Nie [3][4]	100	-	-	-	-	100

Note:

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

(2) *Anton Syazi Ahmad Sebi's remuneration consists of fixed salary, allowance and performance bonus.*

(3) *The remuneration in the form of directors' fees is subject to the approval by the shareholders at the forthcoming AGM.*

(4) *Fees are payable to Advance Synergy Berhad.*

Table D: Remuneration Band of Key Executives						
Name	Fee %	Salary %	Bonus %	Allowance & Benefits %	Long Term Incentives %	Total %
Below S$250,000						
Ho Ting Sai	-	85	9	6	-	100
Chin Wei Li	-	62	9	29	-	100
Ng Sai Kit	-	70	11	19	-	100
Phang Deng Sheng	-	68	10	22	-	100
Yong Choon Vooi	-	72	7	21	-	100
Wong Kok Choy	-	68	13	19	-	100
Loo Mun Chung	-	72	9	19	-	100
Ann Wan Kuan	100	-	-	-	-	100
Lim Peng Kwong	-	68	12	20	-	100
Cheah Foo Choong	-	78	8	14	-	100
Yap Wai Shoong	-	72	8	20	-	100

The Group's system of risk management and internal controls provides reasonable and adequate assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

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

Based on the system of internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, the Audit Committee and the Board are of the opinion that the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risks management system were adequate as at 31 December 2013. This is in turn supported by assurance from the CEO and the Group Financial Controller that:

(a) the financial records of the Group have been properly maintained and the consolidated financial statements for the financial year ended 31 December 2013 give a true and fair view of the Group's operations and finances;

(b) they have crafted a system of internal controls to ensure material information relating to every company in the Group is disclosed on a timely basis by relevant person-in-charge of reporting; and

(c) they have evaluated the effectiveness of the Group's internal control system as at 31 December 2013 and have disclosed to the internal and external auditors and the Board if any, significant deficiencies in the internal control system could adversely affect the ability to record and report its financial data, or fraud, if any, involves the management or other employees.

The Board notes that no cost effective internal control system and risk management can preclude all errors and irregularities, as a system is designed to provide only reasonable and not absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

Principle 12: Audit Committee

The Audit Committee ("AC") comprises:

Chuah Seong Phaik	(Chairman)
Phuah Peng Hock	(Member)
Lee Su Nie	(Member)

Except for Su Nie, who is a Non-Independent Non-Executive Director, the other two AC members are all Independent Non-Executive Directors. The members have had many years of experience in accounting, audit and business and financial management. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

Specifically, the AC shall meet on a periodic basis to perform the following functions (under the key terms of reference for AC):

(a) To review with the independent external auditors their audit plan;

(b) To review with the independent external auditors their evaluation of the Company's internal accounting controls relevant to their statutory audit, their report on the financial statements and the assistance given by the Company's officers to them;

(c) To review with the internal auditors their audit plan, scope and results of the internal audit procedures;

(d) To review the financial statements of the Group and the Company prior to their submission to the Board for adoption;

(e) To review the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST);

(f) To review the internal control and procedures and ensure co-ordination between the external auditors and the management;

(g) To review the significant financial reporting issues and judgments so as to ensure the integrity of the Group's financial statements and any related announcements;

(h) To approve the hiring, removal, evaluation and compensation of the internal auditors;

(i) To review and report to the Board, at least annually the adequacy and effectiveness of the Group's internal control, including financial, operational, compliance and information technology controls, and risk management systems; and

(j) To review the independence of the external auditors annually and to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

Minutes of the AC meetings are regularly submitted to the Board for its information and review. The AC meets with the external and internal auditors, without the presence of management, at least once a year.

The AC is also authorised to investigate any matter within its terms of reference. It has full access to and the cooperation of management and the full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC has undertaken a review of all non-audit services provided by the external auditors and in the AC's opinion, the provision of these services does not affect the independence and objectivity of the external auditors and is pleased to recommend their re-appointment.

The fees paid and payable to the external auditors for financial year ended 31 December 2013 amounted to S$126,000 and S$26,000 for audit and non-audit services respectively.

The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC have reviewed the appointments of different auditors for its overseas subsidiaries and are satisfied that the appointments of different auditors would not compromise the standard and effectiveness of the audit of the Group. The Company is in compliance with Rules 712, 715 and 716.

The Group has implemented a whistle blowing policy adopted by the Board. The policy provides avenue for staff of the Group to raise concerns on any possible misconducts in the Group or improprieties in relation to financial reporting and other matters.

The whistle blowing policy is overseen by the AC and Whistle-Blowing Committee ("WBC") which comprises i) A manager of Group Human Resources; ii) The head of Group Corporate Development; and iii) The head of Risk Management (employed under the ultimate holding company). To ensure independent investigation of such matters and confidentiality protection of the whistleblower, reports can be sent to any of the members above for their relevant actions, such as investigation and follow-up action. As at to-date, no reports of misconduct or impropriety have been received by the AC or WBC.

During the financial year 2013, the AC carried out the following activities:

(a) reviewed quarterly and full year financial statements (audited and unaudited) and recommended to the Board for approval;

(b) reviewed and approved the interested/related party transactions;

(c) reviewed and approved the annual audit plan and report of the external auditors;

(d) reviewed and approved the annual internal audit plan, reports of internal auditors and appointment of internal auditors;

(e) reviewed the appointment of RSM Chio Lim LLP as the external auditors and determined their remuneration, and made a recommendation for Board approval;

(f) met with the external auditors and internal auditors each once without the presence of management;

(g) reviewed the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management system; and

(h) noted the assurance from the CEO and Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The AC members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements, through advice sought, updates and briefing from management and internal auditors, and the external auditors when they attend the AC meetings half yearly.

Principle 13: Internal Audit

The function of internal audit is outsourced to a professional firm engaged by the ultimate holding company of the Company.

The internal auditor ("IA") reports principally to the AC Chairman and administratively to the Managing Director of the ultimate holding company of the Company.

The AC approves the hiring, removal, evaluation and compensation of the IA.

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

The IA adopts a risk-based approach in developing its audit plan based on the Group's risk profile. The internal audit plan and the scope of internal audit are presented and approved by the AC on a yearly basis. Audit findings, recommendations and management's corrective actions are reported regularly to the AC. The AC also reviews annually the adequacy and effectiveness of the IA to ensure that the IA has the capabilities to adequately perform its functions.

During the year, the IA has carried out operational and internal control reviews based on prioritised risk areas identified and appropriate steps have been taken by management to address the findings and recommendations.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company treats all shareholders fairly and equitably, and does not practice selective disclosure. In line with the continuous obligations of the Company pursuant to SGX-ST's Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to the shareholders on a timely basis through:

(i) SGXNET announcements and news releases;

(ii) Annual Reports prepared and issued to all shareholders; and

(iii) Group website at www.unifiedcomms.com where shareholders can access information on the Group.

Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the relevant rules and procedures that govern general meetings.

At general meetings, shareholders of the Company are given the opportunity to air their views and ask directors or management questions regarding the Company and the Group.

The Articles of Association of the Company allow a member of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at general meetings. For the time being, the Board is of the view that this is adequate to enable shareholders to participate in general meetings of the Company and is not proposing to amend their Articles to allow votes in absentia.

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

All directors, including Chairman of the Board and respective Chairmen of the AC, NC and RC are present at general meetings to answer questions from shareholders. The external auditors are also present to assist the directors in addressing shareholders' queries about the conduct of the audit and the preparation and content of their auditors' report.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management, and makes these minutes available to shareholders upon their request.

The Company does not have a fixed dividend policy. In considering the amount, frequency and form of dividend payments, the Board takes into account the Group's financial results, cash position, capital requirements of the Group's growth and development plan, the Company's retained earnings and other factors.

ADDITIONAL INFORMATION

DEALING IN SECURITIES
(SGX-ST Listing Manual Rule 1207(19))

In compliance with Rule 1207 (19) of the Listing Manual issued by SGX-ST, the Company has adopted SGX-ST's Best Practices Guide and has in place a policy of prohibition in relation to dealings in the Company's securities by its officers. The Company has informed its officers not to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters of its financial year, or one (1) month before announcement of the Company's full year results, and ending on the date of announcement of the relevant results. Directors, officers, and employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations.

The directors and executives are also expected to observe insider trading laws at all time, even when dealing in securities within permitted trading period.

RISK MANAGEMENT
(SGX-ST Listing Manual Rule 1207(4)(b)(iv))

The practice of risk management is undertaken by the CEO, key executives and senior officers of each business division under the review of the Board. The Group regularly reviews and improves its business and operational activities to take into account the risk management perspective. The Company seeks to identify areas of significant business risks as well as to formulate appropriate measures to control and mitigate these risks.

The Group's financial risk management is discussed under Note 29 to the Financial Statements, on page 75 to 80 of this Annual Report.

The effectiveness of the Group's risk management practices and the risk exposure of the Group will continue to be reviewed by the Board in light of changes in the operational environment of the Group.

INTERESTED PERSON TRANSACTIONS ("IPTs") POLICY
(SGX-ST Listing Manual Rule 907)

The Company has adopted an internal policy in respect of any transaction with interested persons and has procedures established for the review and approval of the Company's interested person transactions. Particulars of the interested person transactions for the financial year ended 31 December 2013, disclosed in accordance with Rule 907 of SGX-ST's Listing Manual are set out in Table E.

MATERIAL CONTRACTS
(SGX-ST Listing Manual Rule 1207(8))

Save for the IPTs, no material contract involving the directors or controlling shareholders of the Company has been entered into by the Company or any of its subsidiaries since the end of previous financial year and no such contract subsisted at the end of the financial year.

Table E: Particulars of the Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
AESBI Power Systems Sdn Bhd*	274	277	-	-

Note:
The Company does not require any shareholders' mandate pursuant to Rule 920 of the Listing Manual of SGX-ST.
**A wholly-owned subsidiary of Advance Synergy Capital Sdn Bhd (a subsidiary of Advance Synergy Berhad)*

DIRECTORS' REPORT

The directors of the company are pleased to present their report together with the audited consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the reporting year ended 31 December 2013.

1. Directors at Date of Report

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

Wong Tze Leng
Anton Syazi Ahmad Sebi
Lee Su Nie
Chuah Seong Phaik
Phuah Peng Hock

2. Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the reporting year nor at any time during the reporting 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.

3. Directors' Interests in Shares and Debentures

The directors of the company holding office at the end of the reporting year had no interests in the share capital 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, Chapter 50 ("the Act") except as follows:

	Shareholdings registered in the name of Director or nominee		Shareholding in which Director is deemed to have an interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
The company	**Number of ordinary shares of no par value**			
Wong Tze Leng	19,034,329	19,034,329	–	–
Anton Syazi Ahmad Sebi (a)	4,100,000	4,426,000	–	–
Lee Su Nie (b)	200,000	200,000	–	–
Chuah Seong Phaik	–	–	1,000,000	1,000,000
Advance Synergy Berhad – Ultimate Parent Company	**Number of ordinary shares of RM 0.30 each**			
Anton Syazi Ahmad Sebi	–	–	6,000,000	6,000,000
Lee Su Nie	–	–	365,000	365,000
	Number of 10-Year Irredeemable Convertible Unsecured Loan Stock of RM 0.15 each			
Anton Syazi Ahmad Sebi	–	–	48,934,000	48,934,000
Acrylic Synergy Sdn Bhd – Related Company	**Number of ordinary shares of RM 1 each**			
Anton Syazi Ahmad Sebi	1	1	–	–

(a) The direct shares of Anton Syazi Ahmad Sebi are held through Raffles Nominees Pte Ltd
(b) The direct shares of Lee Su Nie are held through Phillip Securities Pte Ltd

DIRECTORS' REPORT

3. Directors' Interests in Shares and Debentures (Cont'd)

By virtue of section 7 of the Act, Wong Tze Leng and Anton Syazi Ahmad Sebi are deemed to have an interest in all related corporations of the company.

The directors' interests as at 21 January 2014 were the same as those at the end of the reporting year.

4. Contractual Benefits of Directors

Since the beginning of the reporting year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the Note 3 to the financial statements.

There were certain transactions (shown in the financial statements under related party transactions) with corporations in which certain directors have an interest.

5. Share Options

During the reporting year, no option to take up unissued shares of the company or any subsidiary was granted and there were no shares of the company or any subsidiary issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the company or any subsidiary under option.

6. Audit Committee

The members of the Audit Committee during the reporting year and at the date of this report are as follows:

Chuah Seong Phaik	(Chairman)
Phuah Peng Hock	(Independent Director)
Lee Su Nie	(Non-Independent, Non-Executive Director)

The Audit Committee performs the functions specified by section 201B(5) of the Act and the Listing Manual of Singapore Securities Exchange Trading Limited ("SGX-ST").

Functions of the Audit Committee include the following:

(a) Reviewed with the independent external auditors their audit plan;

(b) Reviewed with the independent external auditors their evaluation of the company's internal accounting controls relevant to their statutory audit, their report on the financial statements and the assistance given by management to them;

(c) Reviewed with the internal auditors the scope and results of the internal audit procedures including those relating to financial, operational and compliance controls and risk management and the assistance given by the management to the internal auditors;

(d) Reviewed the financial statements of the group and the company prior to their submission to the Board of Directors of the company for adoption; and

(e) Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST)

DIRECTORS' REPORT

6. Audit Committee (Cont'd)

Other functions performed by the Audit Committee are described in the Report on Corporate Governance included in the Annual Report of the Company. It also includes description of how auditors' objectivity and independence is safeguarded, where these are non-audit services provided by the independent external auditors. The Audit Committee, having reviewed all non-audit services provided by the independent external auditors, is satisfied at the nature and extent of such services would not affect their independence.

The Audit Committee has recommended to the Board of Directors that RSM Chio Lim LLP be nominated for re-appointment as independent external auditors at the next annual general meeting of the company.

7. Directors' Opinion on the Adequacy of Internal Controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the Board and the Board, the Audit Committee and the Board are of the opinion that company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2013.

8. Independent Auditors

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

9. Subsequent Developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 26 February 2014, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On Behalf of The Board of Directors

Wong Tze Leng
Director

Anton Syazi Ahmad Sebi
Director

17 March 2014

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 31 December 2013 and of the results and cash flows of the group and changes in equity of the company and of the group for the reporting year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On Behalf of The Board of Directors

Wong Tze Leng
Director

Anton Syazi Ahmad Sebi
Director

17 March 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UNIFIED COMMUNICATIONS HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Unified Communications Holdings Limited (the "company") and its subsidiaries (collectively, the "group") as set out on pages 34 to 83, which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2013 and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UNIFIED COMMUNICATIONS HOLDINGS LIMITED

Other Matter

The financial statements for the reporting year ended 31 December 2012 were audited by other independent auditors (other than RSM Chio Lim LLP) whose report dated 18 March 2013 expressed an unmodified opinion on those financial statements.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

17 March 2014

Partner-in-charge: Chan Weng Keen
Effective from reporting year ended 31 December 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPORTING YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $'000	2012 $'000
Revenue	5	17,576	16,611
Cost of Sales		(7,680)	(7,044)
Gross Profit		9,896	9,567
Other Items of Income			
Interest Income	6	415	327
Other Credits	7	920	6,355
Other Items of Expense			
Technical Support Expenses		(3,445)	(3,384)
Distribution Costs		(1,870)	(1,560)
Administrative Expenses		(3,151)	(3,245)
Other Charges	7	(1,063)	(1,136)
Finance Costs	9	(1)	(38)
Share of Results from Associates, Net of Tax		–	48
Profit Before Income Tax		1,701	6,934
Income Tax Expense	11	(601)	(722)
Profit, Net of Tax		1,100	6,212
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax		(1,001)	(742)
Total Comprehensive Income for the Year		99	5,470
Profit for the Year Attributable to:			
Owners of the Company		1,021	5,954
Non-Controlling Interests		79	258
		1,100	6,212
Total Comprehensive Income for the Year Attributable to:			
- Owners of the Company		7	5,189
- Non-Controlling Interests		92	281
		99	5,470
Earnings Per Share			
- Basic and Diluted Earnings Per Shares (Cents)	12	0.32	1.86

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	Group			Company		
		31.12.2013 $'000	31.12.2012 $'000 (Restated)	1.1.2012 $'000 (Restated)	31.12.2013 $'000	31.12.2012 $'000 (Restated)	1.1.2012 $'000 (Restated)
ASSETS							
Non-Current Assets							
Plant and Equipment	14	1,334	2,888	3,846	–	–	–
Investment Property	15	3,438	3,540	3,630	–	–	–
Intangible Assets	16	15,753	16,357	3,765	–	–	–
Investments in Subsidiaries	17	–	–	–	32,734	32,734	32,734
Investment in Joint Venture	18	–	–	173	–	–	–
Investment in an Associate		–	–	798	–	–	–
Deferred Tax Assets	11	19	13	42	–	–	–
Trade and Other Receivables	19	–	965	880	–	–	–
Total Non-Current Assets		20,544	23,763	13,134	32,734	32,734	32,734
Current Assets							
Inventories	20	3	38	94	–	–	–
Trade and Other Receivables	22	7,909	7,769	5,919	4,529	5,104	6,425
Other Assets	23	536	248	579	3	10	26
Cash and Cash Equivalents	24	11,254	11,942	15,083	22	13	37
Total Current Assets		19,702	19,997	21,675	4,554	5,127	6,488
Total Assets		40,246	43,760	34,809	37,288	37,861	39,222
EQUITY AND LIABILITIES							
Equity							
Share Capital	25	31,948	31,948	31,948	31,948	31,948	31,948
Retained Earnings/ (Accumulated Losses)		5,234	4,852	(623)	4,630	5,355	6,704
Foreign Currency Translation Reserve		(3,609)	(2,595)	(1,830)	–	–	–
Equity, Attributable to Owners of the Parent		33,573	34,205	29,495	36,578	37,303	38,652
Non-Controlling Interests		1,392	1,494	1,273	–	–	–
Total Equity		34,965	35,699	30,768	36,578	37,303	38,652
Non-Current Liabilities							
Deferred Tax Liabilities	11	16	29	25	–	–	–
Other Payables	26	–	2,293	–	–	–	–
Total Non-Current Liabilities		16	2,322	25	–	–	–
Current Liabilities							
Income Tax Payable		108	280	7	–	–	–
Trade and Other Payables	27	4,803	5,309	3,862	710	558	570
Other Liabilities	28	354	150	147	–	–	–
Total Current Liabilities		5,265	5,739	4,016	710	558	570
Total Liabilities		5,281	8,061	4,041	710	558	570
Total Equity and Liabilities		40,246	43,760	34,809	37,288	37,861	39,222

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2013

Group	Total Equity $'000	Attributable to Parent Sub-total $'000	Share Capital $'000	Retained Earnings/ (Accumulated Losses) $'000	Foreign Currency Translation Reserve $'000	Non-Controlling Interests $'000
Current Year:						
Opening Balance at 1 January 2013	35,699	34,205	31,948	4,852	(2,595)	1,494
Total Comprehensive Income/(Loss) for the year	99	7	–	1,021	(1,014)	92
Dividends Paid (Note 13)	(833)	(639)	–	(639)	–	(194)
Closing Balance at 31 December 2013	34,965	33,573	31,948	5,234	(3,609)	1,392
Previous Year:						
Opening Balance at 1 January 2012	30,768	29,495	31,948	(623)	(1,830)	1,273
Total Comprehensive Income/ (Loss) for the year	5,470	5,189	–	5,954	(765)	281
Dividends Paid (Note 13)	(539)	(479)	–	(479)	–	(60)
Closing Balance at 31 December 2012	35,699	34,205	31,948	4,852	(2,595)	1,494

Company	Total Equity $'000	Share Capital $'000	Retained Earnings $'000
Current Year:			
Opening Balance at 1 January 2013	37,303	31,948	5,355
Total Comprehensive Loss for the year	(86)	–	(86)
Dividends Paid (Note 13)	(639)	–	(639)
Closing Balance at 31 December 2013	36,578	31,948	4,630
Previous Year:			
Opening Balance at 1 January 2012	38,652	31,948	6,704
Total Comprehensive Loss for the year	(870)	–	(870)
Dividends Paid (Note 13)	(479)	–	(479)
Closing Balance at 31 December 2012	37,303	31,948	5,355

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

REPORTING YEAR ENDED 31 DECEMBER 2013

	2013 $'000	2012 $'000
Cash Flows From Operating Activities:		
Profit Before Income Tax	1,701	6,934
Interest Income	(415)	(327)
Interest Expenses	1	38
Amortisation of Intangible Assets	1,079	983
Impairment Loss on Intangible Assets	–	141
Depreciation of Plant and Equipment	888	971
Impairment Loss on Plant and Equipment	820	472
Loss/(Gain) on Disposals of Plant and Equipment	2	(33)
Plant and Equipment Written-Off	5	11
Impairment Loss on Investment in Joint Venture	10	222
Impairment Loss on Other Receivables	1	72
Write-back of Impairment Loss on Trade and Other Receivables	–	(87)
Write-down of Inventories	74	7
Share of Profit From an Equity-Accounted Associate	–	(48)
Fair Value Gain on Re-measurement of the Group's Equity Interest	–	(5,176)
Fair Value Gain on Contingent Consideration of Acquisition of Subsidiary	(742)	(977)
Reversal of Payables	(148)	(67)
Operating Cash Flows before Changes in Working Capital	3,276	3,136
Inventories	(22)	63
Trade and Other Receivables	(114)	184
Other Assets	(288)	331
Trade and Other Payables	335	(389)
Other Liabilities	205	3
Net Cash Flows From Operations	3,392	3,328
Income Tax Paid	(779)	(469)
Net Cash Flows From Operating Activities	2,613	2,859
Cash Flows From Investing Activities:		
Purchase of Plant and Equipment	(279)	(529)
Proceeds From Disposal of Plant and Equipment	2	48
Investment in Joint Venture	(10)	(49)
Acquisition of Subsidiary (Note 17A)	–	(4,047)
Payment of Contingent Consideration	(1,306)	–
Payment for Development Costs	(852)	(905)
Cash Restricted in Use	1,325	(3,406)
Interest Income Received	415	327
Net Cash Flows Used in Investing Activities	(705)	(8,561)
Cash Flows From Financing Activities:		
Dividends Paid to Equity Owners	(639)	(479)
Dividends Paid to Non-Controlling Interests	(194)	(60)
Interest Expenses Paid	(1)	–
Proceeds from Interest Bearing Borrowings	234	–
Repayment of Interest Bearing Borrowings	(234)	–
Net Cash Flows Used in Financing Activities	(834)	(539)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,074	(6,241)
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	7,756	14,303
Effect of Exchange Rate Changes On Cash and Cash Equivalents	(377)	(306)
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance (Note 24A)	8,453	7,756

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

1. General

Unified Communications Holdings Limited (the "company") is incorporated in Singapore with limited liability. It is listed on the Singapore Exchange Securities Trading Limited. The financial statements are presented in Singapore dollars and they cover the company and its subsidiaries (collectively, the "group").

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those of investment holding and the provision management services.

The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

The registered office and principal place of business of the company is located at 168 Jalan Bukit Merah Connection One Tower 3, #04-08A, Singapore 150168.

2. Summary of Significant Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Singapore Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit or loss, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the current reporting year that were recognised in other comprehensive income in the current or previous reporting years.

Basis of Presentation

The consolidated financial statements that include the financial statements made up to the end of the reporting year of the company and all of its directly and indirectly controlled subsidiaries. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including profit or loss and other comprehensive income items and dividends are eliminated on consolidation. The results of any subsidiary acquired or disposed of during the reporting year are accounted for from the respective dates of acquisition or up to the dates of disposal which is the date on which effective control is obtained of the acquired business or when control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's financial statements have been prepared on the same basis, and as permitted by the Singapore Companies Act, Chapter 50, no statement of profit or loss is presented for the company.

Basis of Preparation of the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this note to the financial statements, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, returns and rebates.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from service contracts is recognised in accordance with the accounting policy on service contracts (see below).

Interest is recognised using the effective interest method.

Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Employee Benefits

Certain subsidiaries operate defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. Contributions are charged to profit or loss in the period to which they relate. This plan is contributions to government managed retirement benefit plans such as the Central Provident Fund in Singapore and Employee Provident Fund in Malaysia which specifies the employer's obligations which are dealt with as defined contribution retirement benefit plans. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Income Tax Expense

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Foreign Currency Transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

The presentation is in the functional currency.

Translation of Financial Statements of Foreign Entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at the end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Segment Reporting

The group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Borrowing Costs

All borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest method.

Plant and Equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Computers, Telecommunications, Research and Development Equipment	-	3 to 5 years
Motor Vehicles	-	5 years
Office Equipment, Furniture and Renovation	-	5 years

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Plant and Equipment (Cont'd)

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each reporting year-end and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Investment Property

Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs, the fair value model is used to measure the investment property at fair value on the existing use basis to reflect the actual market state and circumstances as of the end of the reporting year, not as of either a past or future date. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the period in which it arises. The revaluation is made periodically on a systematic basis annually by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Intangible Assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Development costs	-	5 years
Intellectual property	-	5 years

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the Board of Directors or to cast the majority of votes at meetings of the Board of Directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. In the company's own separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book value of the investment in a subsidiary is not necessarily indicative of the amount that would be realised in a current market.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

An investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Joint Ventures

A joint venture is a contractual arrangement with other parties to undertake an economic activity that is subject to joint control. In the consolidated financial statements, the accounting for investments in a joint venture is on the proportionate consolidation method. The carrying value and the net book value of the investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange. The reporting entity discontinues the use of this method from the date that it loses joint control over the joint venture and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture is measured at fair value at the date that it ceases to be a joint venture. Losses of a joint venture in excess of the group's interest in the relevant entity are not recognised except to the extent that the group has an obligation. Profits and losses resulting from transactions between the reporting entity and a joint venture are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the relevant joint venture.

The proportionate consolidation accounting method is used for the joint ventures whereby the group's share of each of the assets, liabilities, income and expense is combined on a line-by-line basis with similar items in the financial statements.

Business Combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the reporting years in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the end of the reporting year exchange rate.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Goodwill

Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Non-controlling interests

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Impairment of Non-Financial Assets

The carrying amount of non-financial assets is reviewed at the end of each reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each reporting year, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Service Contracts

When the outcome of a service contract can be estimated reliably, the revenue and costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting year, as measured by the portion that contract costs incurred for work performed to date bear to the estimated total contract costs method or the completion of a physical proportion of the contract work. The stage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing a particular project. Contract costs consist of costs that relate directly to the specific project, costs that are attributable to contract activity in general and can be allocated to the project and such other costs as are specifically chargeable to the customer under the terms of the contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Recognised revenues and profits are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimatable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The work in progress projects have operating cycles longer than one year. The management includes in current assets amounts relating to the contracts realisable over a period in excess of one year.

When the outcome of a service contract cannot be estimated reliably: (a) revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and (b) contract costs are recognised as an expense in the period in which they are incurred.

Financial Assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position only when the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

#1. Financial assets at fair value through profit or loss: As at end of the reporting year, there were no financial assets classified in this category.

#2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Financial Assets (Cont'd)

Subsequent measurement: (Cont'd)

#3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.

#4. Available-for-sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances. For the consolidated statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction, if any.

Financial Liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position only when the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

#1. Liabilities at fair value through profit or loss: As at end of the reporting year, there were no financial liabilities classified in this category.

#2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Financial Guarantee

A financial guarantee contract requires that the issuer makes specified payments to reimburse the holder for a loss when a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Fair Value Measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year.

If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Equity

Equity instruments are contracts that give a residual interest in the net assets of the company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets at the end of the reporting year affected by the assumption is $1,334,000 (2012: $2,888,000).

Estimated impairment of goodwill:

An assessment is made annually whether goodwill has suffered any impairment loss, based on the recoverable amounts of the cash generating units ("CGU"). The recoverable amounts of the CGUs was determined based on value in use calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in Note 16C. Actual outcomes could vary from these estimates.

Impairment of intangible assets:

An assessment is made of the carrying value of identifiable intangible assets, annually, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors that trigger an impairment review include underperformance relative to historical or projected future results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business and significant negative industry or economic trends. The most significant variables in determining cash flows as disclosed in Note 16A and 16B. Actual outcomes could vary from these estimates.

Allowance for doubtful accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and historical bad debts, customer concentrations and customer creditworthiness when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount of trade and other receivables at the end of the reporting year was $7,909,000 (2012: $8,734,000).

Contract work-in-progress:

On long-term contracts, revenues are recorded on the stage of completion basis. The stage of completion is determined by dividing the cumulative costs incurred as at the end of the reporting year by the sum of incurred costs and anticipated costs for completing a contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete contracts in progress, and in making such estimates, judgments are required to evaluate contingencies such as potential variances in scheduling, cost of materials, labour costs and productivity, the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. These estimates are based on management's business practices as well as its historical experience, and management regularly reviews underlying estimates of project profitability.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd)

Critical Judgements, Assumptions and Estimation Uncertainties (Cont'd)

Impairment of subsidiaries:

When a subsidiary is in net equity deficit and has suffered operating losses, the recoverable amount of the investee is estimated to assess whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flows. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require adjustments to the carrying amounts of the investments in subsidiaries. The carrying amount of the company's specific assets at the end of the reporting year affected by the assumptions is $32,734,000 (2012: $32,734,000).

Development costs:

Development costs are capitalised in accordance with the accounting policy in Note 2. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of profits. The carrying amount has been disclosed in Note 16.

Income tax amounts:

The entity recognises tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

3. Related Party Relationships and Transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

3. Related Party Relationships and Transactions (Cont'd)

#3.1 Related companies:

The company is a subsidiary of Worldwide Matrix Sdn Bhd, incorporated in Malaysia. Its ultimate parent company is Advance Synergy Berhad, incorporated in Malaysia and listed on Bursa Malaysia Securities Berhad. Related companies in these financial statements include the members of the ultimate parent company's group of companies.

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related company balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related company transactions and balances below.

Significant related company transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group	
	2013	**2012**
	$'000	**$'000**
Related companies		
Purchase of service	14	9
Rental and maintenance expense	274	278

#3.2 Key management compensation:

	Group	
	2013	**2012**
	$'000	**$'000**
Salaries and other short-term employee benefits	1,987	2,025

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2013	**2012**
	$'000	**$'000**
Remuneration of directors of the company and subsidiaries	510	525
Fees to a director of ultimate parent company[#]	23	22
Fees to directors of the company	60	58

[#] *Paid and payable to the ultimate parent company*

Further information about the remuneration of individual directors is provided in the Corporate Governance Report.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts do not include compensation if any of certain key management personnel and directors of the company who received compensation from related corporations in their capacity as directors and or executives of those related corporations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

3. Related Party Relationships and Transactions (Cont'd)

#3.3 Other receivables from related companies:

The trade transactions and the trade receivables and payables balance arising from sales and purchase of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from related companies are as follows:

	Group	
	2013	2012
	$'000	$'000
Other receivables:		
Balance at beginning of the year	94	102
Amounts paid out and settlement of liabilities on behalf by another party	(7)	(6)
Foreign exchange adjustments	(4)	(2)
Balance at end of the year	83	94
Presented in the statement of financial positions as follows:		
Other receivables (Note 22)	116	120
Other payables (Note 27)	(33)	(26)
	83	94

4. Financial Information By Segments

4A. Business Segments

Disclosure of information about operating segments, the geographical areas and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

The group's business segments comprise a Mobile Value-Added-Services Business Unit ("VAS"), a Mobile Technology Business Unit ("TECH"), an Operation Support Systems Business Unit ("OSS") and Operational Headquarters Business Unit ("OHQ").

* VAS – Business unit for content-driven mobile VAS systems, solutions and managed services.
* TECH – Business unit for mobile messaging and signaling systems, solutions and managed services.
* OSS – Business unit for mobile network operation support systems, solutions and managed services.
* OHQ – Business unit for operational headquarters of the Group and revenue from investment property.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Performance is measured based on segment results before interest income, other credits, technical support expenses, distribution costs, administrative expenses, other charges, finance costs and share of profit from an equity-accounted associate in the internal management reports. Segment result is used to measure performance as management believes that such information is the most relevant in evaluating the results of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. Financial Information By Segments (Cont'd)

4B. Profit or Loss from Continuing Operations and Assets and Liabilities and Reconciliations

2013	TECH $'000	VAS $'000	OSS $'000	OHQ $'000	Elimination $'000	Group $'000
Revenue by Segment						
- External	6,374	6,735	4,218	249	–	17,576
- Inter-segment	224	305	714	4,946	(6,189)	–
	6,598	7,040	4,932	5,195	(6,189)	17,576
Cost of Sales	(4,491)	(3,395)	(3,039)	(291)	3,536	(7,680)
Gross Profit	**2,107**	**3,645**	**1,893**	**4,904**	**(2,653)**	**9,896**
Other Items of Income						
Interest Income	266	109	40	–	–	415
Other Credits	113	889	–	49	(131)	920
Other Items of Expenses:						
Technical Support Expenses	(908)	(578)	(712)	(1,456)	209	(3,445)
Distribution Costs	(158)	(1,158)	(465)	(240)	151	(1,870)
Administrative Expenses	(1,078)	(1,015)	(534)	(1,197)	673	(3,151)
Other Charges	(91)	(1,210)	(53)	(1,209)	1,500	(1,063)
Finance Costs	–	–	(1)	–	–	(1)
Profit Before Income Tax	**251**	**682**	**168**	**851**	**(251)**	**1,701**
Income Tax Expenses	(211)	(163)	(9)	(218)	–	(601)
Profit, Net of Tax	**40**	**519**	**159**	**633**	**(251)**	**1,100**
Profit, Net of Tax, Attributable to:						
Owners of the Company	40	519	80	633	(251)	1,021
Non-Controlling Interest	–	–	79	–	–	79
Profit, Net of Tax	**40**	**519**	**159**	**633**	**(251)**	**1,100**
Other information:						
Impairment loss on Plant and Equipment	–	(1,051)	–	–	231	(820)
Depreciation of Plant and Equipment	(73)	(721)	(61)	(52)	19	(888)
Amortisation of Intangible Assets	(743)	(346)	(75)	–	85	(1,079)
Fair Value Gain on Contingent Consideration of Acquisition of a Subsidiary	–	742	–	–	–	742
Segment Assets	22,153	26,724	4,464	49,688	(62,802)	40,227
Unallocated Assets	5	–	–	–	14	19
Consolidated Total Assets						**40,246**
Segment Liabilities	8,670	16,814	1,634	9,130	(30,983)	5,265
Unallocated Liabilities	–	–	–	16	–	16
Consolidated Total Liabilities						**5,281**
Other Segment Items						
Capital Expenditure						
- Plant and Equipment	14	285	23	9	(52)	279
- Development Costs	597	336	–	–	(81)	852

NOTES TO THE FINANCIAL STATEMENTS

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4. Financial Information By Segments (Cont'd)

4B. Profit or Loss from Continuing Operations and Assets and Liabilities and Reconciliations (Cont'd)

2012	TECH $'000	VAS $'000	OSS $'000	OHQ $'000	Elimination $'000	Group $'000
Revenue by Segment						
- External	6,460	5,870	4,027	254	–	16,611
- Inter-segment	61	215	727	3,873	(4,876)	–
	6,521	6,085	4,754	4,127	(4,876)	16,611
Costs of Sales	(4,620)	(2,825)	(2,684)	(258)	3,343	(7,044)
Gross Profit	**1,901**	**3,260**	**2,070**	**3,869**	**(1,533)**	**9,567**
Other Items of Income						
Interest Income	212	74	41	–	–	327
Other Credits	127	6,341	(1)	44	(156)	6,355
Other Items of Expenses:						
Technical Support Expenses	(656)	(697)	(713)	(1,470)	152	(3,384)
Distribution Costs	(159)	(1,020)	(283)	(241)	143	(1,560)
Administrative Expenses	(1,174)	(1,011)	(533)	(1,192)	665	(3,245)
Other Charges	(25)	(1,054)	(24)	(1,070)	1,037	(1,136)
Finance Costs	–	(38)	–	–	–	(38)
Share of Results from Associates, Net of Tax	–	48	–	–	–	48
Profit/(Loss) Before Income Tax	**226**	**5,903**	**557**	**(60)**	**308**	**6,934**
Income Tax Expenses	(176)	(186)	(31)	(329)	–	(722)
Profit/(Loss), Net of Tax	**50**	**5,717**	**526**	**(389)**	**308**	**6,212**
Profit/(Loss), Net of Tax, Attributable to:						
Owners of the Company	50	5,717	268	(389)	308	5,954
Non-Controlling Interest	–	–	258	–	–	258
Profit/(Loss), Net of Tax	**50**	**5,717**	**526**	**(389)**	**308**	**6,212**
Other information:						
Impairment loss on:						
- Development Costs	–	(141)	–	–	–	(141)
- Plant and Equipment	–	(472)	–	–	–	(472)
Depreciation of Plant and Equipment	(91)	(774)	(63)	(47)	4	(971)
Amortisation of Intangible Assets	(624)	(346)	(93)	–	80	(983)
Fair Value Gain on Re-measurement of the Group's Equity	–	5,176	–	–	–	5,176
Fair Value Gain on Contingent Consideration of Acquisition of a Subsidiary	–	977	–	–	–	977
Segment Assets	12,699	36,708	4,563	49,614	(59,837)	43,747
Unallocated Assets	(1)	–	–	–	14	13
Consolidated Total Assets						**43,760**
Segment Liabilities	7,069	14,765	1,618	11,405	(26,825)	8,032
Unallocated Liabilities	–	–	–	29	–	29
Consolidated Total Liabilities						**8,061**
Other segment items						
Capital expenditure						
- Plant and Equipment	106	400	52	20	(49)	529
- Development Costs	683	231	1	–	(10)	905

NOTES TO THE FINANCIAL STATEMENTS

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4. Financial Information By Segments (Cont'd)

4C. Geographical Segments

The group's geographical segments comprise South East Asia, South Asia, Middle East and Africa and Others:

- South East Asia – the group is headquartered in Singapore, and has operations in Singapore and other South East Asian countries. The operations in this area are principally the provision of telecommunications products and customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions, and the distribution of third party telecommunications products and components; and

- South Asia, Middle East and Africa and Others – the operations in these areas are principally the provision of telecommunications products and customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions and the distribution of third party telecommunications products and components.

Others represent China, North America and other countries outside of South East Asia, South Asia, Middle East and Africa.

Revenues are based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

2013 - Group	Revenue $'000	Total assets $'000	Non-current assets $'000	Capital expenditure $'000
South East Asia	15,182	38,052	20,117	1,100
South Asia	1,304	1,951	408	31
Middle East and Africa	1,057	202	–	–
Others	33	22	–	–
	17,576	40,227	20,525	1,131
Unallocated assets		19	19	
		40,246	20,544	

	TECH $'000	VAS $'000	OSS $'000	OHQ $'000	Total $'000
External sales					
South East Asia	6,360	4,387	4,186	249	15,182
South Asia	–	1,295	9	–	1,304
Middle East and Africa	4	1,053	–	–	1,057
Others	10	–	23	–	33
Total	6,374	6,735	4,218	249	17,576

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. Financial Information By Segments (Cont'd)

4C. Geographical Segments (Cont'd)

2012 - Group	**Revenue $'000**	**Total assets $'000**	**Non-current assets $'000**	**Capital expenditure $'000**
South East Asia	14,167	39,811	21,989	1,273
South Asia	1,414	3,461	1,761	161
Middle East and Africa	1,001	451	–	–
Others	29	24	–	–
	16,611	43,747	23,750	1,434
Unallocated assets		13	13	
		43,760	23,763	

	TECH $'000	**VAS $'000**	**OSS $'000**	**OHQ $'000**	**Total $'000**
External sales					
South East Asia	6,351	3,590	3,972	254	14,167
South Asia	–	1,377	37	–	1,414
Middle East and Africa	100	901	–	–	1,001
Others	9	2	18	–	29
Total	6,460	5,870	4,027	254	16,611

4D. Contract type

	2013			**2012**		
	System sales $'000	**Managed services $'000**	**Total $'000**	**System sales $'000**	**Managed services $'000**	**Total $'000**
Group						
External revenue	3,805	13,771	17,576	3,866	12,745	16,611
Gross profit	2,120	7,776	9,896	2,059	7,508	9,567
Gross profit (%)	55.7 %	56.5 %	56.3 %	53.3 %	58.9 %	57.6 %

The Group's revenue can be divided into revenue generated from two types of contracts, as described below:

(a) System sales – this refers to contracts that involve the outright purchase by customers of systems comprising the group's products and technologies, and where these systems are in turn delivered as turnkey solutions. The scope of work for a system sale contract includes system design, implementation, testing and commissioning services.

(b) Managed services – this refers to contracts that involve the provision of both systems comprising the group's products and technologies as well as the group's professional services, on a recurring, revenue sharing, software-as-a-service, pay-per-use or monthly or quarterly fixed and variable fee basis. Also treated as a managed service contract are system maintenance and technical support contracts with existing customers of the group, and an operating lease with a lessee.

Revenue of $4,671,000 (2012: $4,655,000) and $4,146,000 (2012: $4,400,000) are derived from two (2012: two) external customers. The former is attributable to the TECH business segment while the latter is attributable to the TECH, VAS and OSS business segments.

NOTES TO THE FINANCIAL STATEMENTS

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5. Revenue

	Group	
	2013	2012
	$'000	$'000
Managed services	13,522	12,491
System sales	3,805	3,866
Rental income	249	254
	17,576	16,611

6. Interest Income

	Group	
	2013	2012
	$'000	$'000
Interest income from bank	415	165
Interest income from trade receivables	–	162
	415	327

7. Other Credits and (Other Charges)

	Group	
	2013	2012
	$'000	$'000
Write-back of impairment loss on trade and other receivables	–	87
Reversal of payables	148	67
Impairment loss on intangible assets	–	(141)
Impairment loss on other receivables	(1)	(72)
Impairment loss on plant and equipment	(820)	(472)
Impairment loss on investment in joint venture	(10)	(222)
Plant and equipment written-off	(5)	(11)
Fair value gain on contingent consideration of acquisition of subsidiary	742	977
Fair value gain on re-measurement of the group's equity interest	–	5,176
Write-down of inventories	(74)	(7)
Foreign exchange losses, net	(105)	(155)
(Loss)/Gain on disposal of plant and equipment	(2)	33
Others	(16)	(41)
Net	(143)	5,219
Presented in profit or loss as:		
Other Credits	920	6,355
Other Charges	(1,063)	(1,136)
Net	(143)	5,219

NOTES TO THE FINANCIAL STATEMENTS

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8. Employee Benefits Expense

	Group	
	2013	**2012**
	$'000	**$'000**
Salaries and bonuses	5,616	5,240
Contribution to defined contribution plan	726	704
Other benefits	306	269
Total employee benefits expense	6,648	6,213
Charged to profit or loss included in:		
Cost of Sales	1,332	1,296
Technical Support Expenses	2,654	2,446
Distribution Costs	1,415	1,193
Administrative Expenses	1,247	1,278
Total employee benefit expenses	6,648	6,213

9. Finance Costs

	Group	
	2013	**2012**
	$'000	**$'000**
Interest expenses	1	38

10. Items in Profit or Loss

In addition to items of profit or loss disclosed elsewhere in the notes to the financial statements, items in the statement of profit or loss and other comprehensive income include the following:

	Group	
	2013	**2012**
	$'000	**$'000**
Audit fees to the independent auditors of the company	95	105
Audit fees to the other independent auditors	31	33
Other fees to the independent auditors of the company	12	11
Other fees to the other independent auditors	14	13

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

11. Income Tax Expense

11A. Components of tax expense/ (income) recognised in profit or loss include:

	Group	
	2013	2012
	$'000	$'000
Current tax expense:		
Current tax expense	366	313
Under/(Over) adjustments in respect of prior years	9	(2)
Withholding tax expense	245	378
Subtotal	620	689
Deferred tax (income)/ expense:		
Deferred tax (income)/ expense	(19)	33
Total income tax expense	601	722

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the company is situated. The income tax in profit or loss varied from the income tax amount determined by applying the Singapore income tax rate of 17% (2012: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2013	2012
	$'000	$'000
Profit before income tax	1,701	6,934
Income tax expense at the above rate	289	1,179
Effect of different tax rates in different countries	298	492
Non-deductible items	312	796
Tax exemptions	(816)	(2,383)
Deferred tax assets not recognised	264	262
Under/(Over) adjustments to current tax in respect of previous years	9	(2)
Withholding tax	245	378
Total income tax expense	601	722

There are no income tax consequences of dividends to owners of the company.

Two subsidiaries of the Group in Malaysia, Ahead Mobile Sdn Bhd and GlobeOSS Sdn Bhd, have been granted pioneer status as Multimedia Super Corridor ("MSC") companies under the Malaysia Promotion of Investment Act, 1986. The benefits to a company having MSC status include a five year pioneer status tax exemption on profits generated from the MSC qualifying activities during the same period. The MSC status of Ahead Mobile Sdn Bhd after being extended once will expire on 31 August 2015. The MSC status of GlobeOSS Sdn Bhd will expire on 14 January 2017.

In addition, the company's wholly owned subsidiary company, Unified Communications (OHQ) Sdn Bhd received the Malaysia Industry Development Authority's approval in October 2009 of its Operational Headquarters ("OHQ") status to provide certain approved OHQ services to the group entities. This OHQ status is granted for 10 years with certain tax incentives.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

11. Income Tax (Cont'd)

11B. Deferred tax expense/ (income) recognised in profit or loss include:

	Group	
	2013	2012
	$'000	$'000
Excess of net book value over tax value of plant and equipment	(17)	(32)
Others	(2)	65
Total deferred tax (income) / expense recognised in profit or loss	(19)	33

11C. Deferred tax balance in the statements of financial position:

	Group	
	2013	2012
	$'000	$'000
Excess of net book value of over tax values of plant and equipment	(1)	(1)
Others	4	(15)
Net total of deferred tax assets / (liabilities)	3	(16)

Presented in the statements of financial position as follows:

	Group	
	2013	2012
	$'000	$'000
Deferred tax liabilities	(16)	(29)
Deferred tax assets	19	13
Net position	3	(16)

It is impracticable to estimate the amount expected to be settled or used within one year.

The realisation of the future income tax benefits from tax loss carried forward and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by the law.

Temporary differences arising in connection with interest in subsidiaries are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

11. Income Tax (Cont'd)

11D. Unrecognised Deferred Tax Assets

Group	2013 Gross Amount $'000	2013 Tax Effect $'000	2012 Gross Amount $'000	2012 Tax Effect $'000
Unutilised tax losses	14,942	2,830	14,247	2,674
Unutilised capital allowances	731	200	360	92
	15,673	3,030	14,607	2,766

No deferred tax asset has been recognised in respect of the above balance as the future profit streams are not probable. The realisation of the future income tax benefits from tax loss carried forwards and temporary differences from capital allowance is available for an unlimited future period subject to the conditions imposed by laws of the countries in which the entities in the Group operates, including the retention of majority shareholders as defined.

12. Earnings Per Share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group 2013 $'000	Group 2012 $'000
Profit, net of tax attributable to owners of the company	1,021	5,954

	Number of shares 2013 '000	Number of shares 2012 '000
Weighted average number of equity shares	319,573	319,573

The weighted average number of equity shares refers to shares in circulation during the reporting year.

Basic earnings per share are calculated by dividing profit, net of tax attributable to owners of the company by the weighted average number of ordinary shares outstanding during each reporting year.

Diluted earnings per share for the reporting years are computed using the same basis as basic earnings per share as there are no potential dilutive ordinary shares.

13. Dividends on Equity Shares

	Group and Company 2013 $'000	Group and Company 2012 $'000
Interim one-tier tax-exempt dividend paid of $0.002 (2012: $0.0015) per share	639	479

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

14. Plant and Equipment

Group	Computers, telecommunications, research and development equipment $'000	Motor vehicles $'000	Office equipment, furniture and renovation $'000	Total $'000
Cost:				
At 1 January 2012	11,672	179	1,466	13,317
Additions	498	–	31	529
Disposals	(212)	(176)	(8)	(396)
Transferred to inventories	(22)	–	–	(22)
Acquisition of a subsidiary (Note 17A)	133	–	21	154
Written-off	(33)	–	(1)	(34)
Foreign exchange adjustments	(171)	(3)	(27)	(201)
At 31 December 2012	11,865	–	1,482	13,347
Additions	259	–	20	279
Disposals	(4)	–	(7)	(11)
Transferred to inventories	(7)	–	–	(7)
Written-off	(1)	–	(8)	(9)
Foreign exchange adjustments	(182)	–	(47)	(229)
At 31 December 2013	11,930	–	1,440	13,370
Accumulated depreciation and impairment loss:				
At 1 January 2012	8,150	179	1,142	9,471
Depreciation for the year	929	–	147	1,076
Disposals	(193)	(176)	–	(369)
Transferred to inventories	(17)	–	–	(17)
Written-off	(22)	–	(1)	(23)
Impairment for the year	472	–	–	472
Foreign exchange adjustments	(118)	(3)	(30)	(151)
At 31 December 2012	9,201	–	1,258	10,459
Depreciation for the year	836	–	129	965
Disposals	(3)	–	(4)	(7)
Transferred to inventories	(4)	–	–	(4)
Written-off	(1)	–	(4)	(5)
Impairment for the year	820	–	–	820
Foreign exchange adjustments	(152)	–	(40)	(192)
At 31 December 2013	10,697	–	1,339	12,036
Net book value:				
At 1 January 2012	3,522	–	324	3,846
At 31 December 2012	2,664	–	224	2,888
At 31 December 2013	1,233	–	101	1,334

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

14. Plant and Equipment (Cont'd)

Allocation of the depreciation expenses:

	Group 2013 $'000	Group 2012 $'000
Cost of Sales	692	765
Technical Support Expenses	138	109
Distribution Cost	24	17
Administrative Expenses	34	80
Depreciation expenses recognised in profit or loss	888	971
Capitalised under Development Cost (Note 16)	77	105
Total	965	1,076

15. Investment Property

	Group 2013 $'000	Group 2012 $'000
At fair value:		
At beginning of the year	3,540	3,630
Foreign exchange adjustment losses	(102)	(90)
Fair value at end of the year	3,438	3,540
Rental income from investment property (Note 5)	249	254
Direct operating expenses arising from investment property that generated rental income during the reporting year	(50)	(48)

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

The investment property is leased out under operating leases. Note 31 below discloses the operating lease income commitments.

The fair value of each investment property was measured in December 2013 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by C H Williams Talhar & Wong, a firm of independent professional valuers, which hold a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

15. Investment Property (Cont'd)

For fair value measurements categorised within Level 2 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Lot 3A-5-1, 5th Floor, Block 3A, Plaza Sentral, Kuala Lumpur, Malaysia
Fair value:	$3,438,000 (2012: $3,540,000)
Fair value hierarchy:	Level 2 (2012: Level 2)
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs:	Price per square foot. $427 (2012: $438)
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by $344,000 (2012: $354,000); higher by $344,000 (2012: $354,000)

There were no transfer between Levels 1 and 2 during the year. The increase in fair value is due to better market conditions.

Strata title has not been issued as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

16. Intangible Assets

	Development cost (under development) $'000	Development cost (completed) $'000	Intellectual property $'000	Goodwill arising on consolidation $'000	Total $'000
Group					
Cost:					
At 1 January 2012	1,791	4,976	2,148	–	8,915
Additions during the year	905	–	–	–	905
Capitalisation of development equipment	105	–	–	–	105
Reclassification	(2,429)	2,429	–	–	–
Acquisition of a subsidiary (Note 17A)	–	–	–	13,089	13,089
Foreign currency translation differences	10	28	(53)	(292)	(307)
At 31 December 2012	382	7,433	2,095	12,797	22,707
Additions during the year	852	–	–	–	852
Capitalisation of development equipment	77	–	–	–	77
Reclassification	(772)	772	–	–	–
Foreign currency translation differences	(7)	(138)	(60)	(369)	(574)
At 31 December 2013	532	8,067	2,035	12,428	23,062
Accumulated amortisation and impairment loss:					
At 1 January 2012	–	3,002	2,148	–	5,150
Amortisation for the year	–	983	–	–	983
Impairment for the year	–	141	–	–	141
Foreign currency translation differences	–	129	(53)	–	76
At 31 December 2012	–	4,255	2,095	–	6,350
Amortisation for the year	–	1,079	–	–	1,079
Foreign currency translation differences	–	(60)	(60)	–	(120)
At 31 December 2013	–	5,274	2,035	–	7,309
At 1 January 2012	1,791	1,974	–	–	3,765
At 31 December 2012	382	3,178	–	12,797	16,357
At 31 December 2013	532	2,793	–	12,428	15,753

The amortisation of intangible expenses is included in Cost of Sales.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

16. Intangible Assets (Cont'd)

16A. Development Costs

Development cost mainly comprises staff costs, operating expenses and depreciation expenses for the development of proprietary software.

As at 31 December 2013, development cost includes the GlobeOSS Roaming Assurance development project, amounting to Nil (2012: $35,000). The project is funded under an MSC Malaysia Research and Development Grant Scheme.

Management carried out a yearly review of the recoverable amount of the development cost. Following the review in 2012, certain development cost items were not expected to generate sufficient cash flows in the next five years. Consequently, an impairment loss of $141,000, representing the write-down of the excess of the carrying value over its recoverable amount on these development cost items was recognised in Other Charges in the 2012 profit or loss.

The recoverable amount is determined based on the value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projection was 12.29% (2012: 10.95%) per annum.

16B. Intellectual Property

Intellectual property comprises rights and titles relating to mobile software.

16C. Goodwill

	Group	
	2013	**2012**
	$'000	**$'000**
Balance at beginning of the year	12,797	–
Arising from acquisition of a subsidiary (Note 17A)	–	13,089
Foreign exchange adjustment	(369)	(292)
Balance at end of the year	12,428	12,797

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the group's investment in each subsidiary as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
VAS Business Segment	12,428	12,797

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less cost to sell or its value in use. The recoverable amounts of cash-generating units have been measured based on the fair value less costs of disposal method or the value is use method as appropriate for the separate CGUs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

16. Intangible Assets (Cont'd)

16C. Goodwill (Cont'd)

The value in use was determined by management using discounted cash flow valuation technique. The key assumptions used for value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

VAS Business Segment unobservable inputs:	**2013**	**2012**
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGU	12.29%	10.95%
Growth rates based on management estimates forecasts and not exceeding the average long-term growth rate for the relevant markets.	2%	2%
Cash flow forecast derived from most recent financial budget and plans approved by management	5 Years	5 Years

Management believes that any reasonably possible change in the key assumptions on which this division's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

No impairment charges were recognised in the reporting year (2012: Nil) because the carrying amount of all cash-generating units was lower than their recoverable amount.

17 Investments in Subsidiaries

	Company	
	2013	**2012**
	$'000	**$'000**
Unquoted equity shares at cost	32,734	32,734
Analysis of above amounts denominated in non-functional currencies:		
Malaysian Ringgit	21,734	21,734

The subsidiaries held by the company and the group are listed below:

Name of subsidiaries, principal activities, country of incorporation/place of operations	**Cost in books of the company**		**Effective equity held by the group**	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**%**	**%**
Held by the company:				
Unified Communications Pte Ltd (a)	11,000	11,000	100	100
Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry. Singapore				
Unified Communications Sdn Bhd (b) Research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry. Malaysia	21,526	21,526	100	100
Unified Communications (OHQ) Sdn Bhd (b) Provisions of management services. Malaysia	208	208	100	100
Unified Communications (OSS) Sdn Bhd (b) Investment holding. Malaysia	*	*	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

17. Investments in Subsidiaries (Cont'd)

The subsidiaries held by the company and the group are listed below: (Cont'd)

Name of subsidiaries, principal activities, country of incorporation/place of operations	**Cost in books of the company**		**Effective equity held by the group**	
	2013 $'000	**2012 $'000**	**2013 %**	**2012 %**
Held by the company: (Cont'd)				
Mobilization Sdn Bhd (b)	*	*	100	100
Creation and operation of next-generation mobile applications and mobile media-based services including mobile advertising services and such mobile media value-added-services that operate on an advertisement-supported or advertisement-funded revenue model.				
Malaysia				
Unified Assets Sdn Bhd (b)	*	*	100	100
Investment holding.				
Malaysia				
	32,734	32,734		
Held by Unified Communications Sdn Bhd				
Unified Communications (Tech) Pte Ltd (a)			100	100
Distribution of information technology and telecommunications products.				
Singapore				
Ahead Mobile Sdn Bhd (b)			100	100
Software engineering, system integration, project management, and maintenance and support services for the telecommunication industry.				
Malaysia				
Held by Unified Communications Pte Ltd				
Unified Communications (VAS) Sdn Bhd (b)			100	100
Provision of telecommunications products, technology and customized solutions to telecommunications operators, service providers and enterprises.				
Malaysia				
Unified (Thailand) Limited [#](c)			100	100
Dormant				
Thailand				
Adzentrum Sdn Bhd (b)			100	100
(formerly known as AttrixTech Sdn Bhd)				
Digital creative agency.				
Malaysia				
Unified Communications (Private) Limited (d)			100	100
Provision of telecommunications products, technology and customized solutions to telecommunications operators, service providers and enterprises.				
Pakistan				

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17. Investments in Subsidiaries (Cont'd)

The subsidiaries that have non-controlling interests are listed below:

Name of subsidiaries, principal activities, country of incorporation/place of operations	Cost in books of the group		Effective equity held by the group	
	2013 $'000	2012 $'000	2013 %	2012 %
Held by Unified Communications (OSS) Sdn Bhd				
GlobeOSS Sdn Bhd (b)	99	99	51	51
Provision of global roaming quality of service management solutions.				
Malaysia				
GlobeOSS Pte Ltd (a)	5	5	51	51
Provision of global roaming quality of services management solutions.				
Singapore				

* Amounts less than $1,000.

\# This subsidiary has a total share capital of Thai Baht ("THB") 2,000,000 comprising THB1,100,000 of fully paid-up preference shares and THB900,000 of fully paid-up ordinary shares with voting rights. Unified Communications Pte Ltd ("UCPL") subscribed to 100% of the issued and paid-up ordinary shares and a third party investor subscribed to 100% of the issued and paid-up preference shares. It has ceased operations since 2008. The group is currently liaising with a professional consultant on voluntarily winding up of the subsidiary.

(a) Audited by RSM Chio Lim LLP.

(b) Audited by RSM Robert Teo, Kuan & Co. in Malaysia, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(c) Audited by ThaiCon Auditing Limited, Thailand, not a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(d) Audited by BDO Ebrahim & Co., Pakistan, not a member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

As required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

17A. Acquisition of a Subsidiary in 2012

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

The Acquisition enables the group to have full ownership and absolute control over AMSB's operations and cash flows. In addition, it provides the group with flexibility in implementing its business strategies and plans for AMSB.

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17. Investments in Subsidiaries (Cont'd)

17A. Acquisition of a Subsidiary in 2012 (Cont'd)

Details of the Acquisition are as follows:

Purchase Considerations

	$'000
Purchase Consideration paid to date	5,126
Fair value of purchase consideration to be settle by tranches in accordance with the terms and conditions of the Acquisition ("Contingent Consideration") comprising the following:	
(i) RM9,000,000 recognised as at acquisition date deposited with an escrow agent which shall be released to the vendor in accordance with the terms and conditions of the Acquisition; and	3,691
(ii) Deferred cash settlement of RM1,000,000 to be paid upon AMSB having procured the launch of a new service under a revenue sharing contract with a mobile network operator in South East Asia on or before 31 December 2013.	340
Total Purchase Consideration pursuant to the Acquisition	9,157
Fair value of 40% equity interest in AMSB held by the group immediately before the Acquisition (a)	6,024
	15,181
Less: Fair value of net assets acquired (b)	(2,092)
Goodwill arising from Acquisition (Note 16)	13,089

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

	$'000
Carrying amount of 40% equity interest in AMSB at acquisition date	848
Fair value gain on re-measurement (Note 7)	5,176
	6,204

The gain is included in the Other Credits (Note 7) in the group's profit or loss for the reporting year ended 31 December 2012.

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

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

At the acquisition date, the fair value of the acquired trade and other receivables approximates the gross contractual amount of the receivables.

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17. Investments in Subsidiaries (Cont'd)

17A. Acquisition of a Subsidiary in 2012 (Cont'd)

Contingent consideration arrangement

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

(i) Up to RM9,000,000 is payable over two tranches based on AMSB's net profit after tax as reflected in the audited financial statements of AMSB for the reporting year ended 31 December 2012 and the reporting year ending 31 December 2013. The actual amount payable will be computed based on 60% of AMSB's audited net profit after tax as achieved in the aforementioned financial year; and

(ii) RM1,000,000 is payable upon AMSB having procured the launch of a new service under a revenue sharing contract with a mobile network operator in South East Asia on or before 31 December 2013.

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

As at 31 December 2012, the fair value of contingent consideration decreased by $977,000 as the estimated contingent consideration as set out in (i) above of RM9 million (equivalent to approximately $3.7 million) has been revised to approximately RM6.6 million (equivalent to approximately $2.7 million).

As at 31 December 2013, the fair value of contingent consideration decreased further by $742,000. Accordingly, fair value of the contingent consideration has been adjusted to reflect this development and such change has been recognised in the group's profit or loss for the reporting year as Other Credit (Note 7).

Effect of the Acquisition of AMSB on cash flows

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

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

Goodwill arising from acquisition

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

Impact of acquisition on profit or loss

From the acquisition date, AMSB has contributed revenue of $3,300,000 and profit of $2,073,000 for the reporting year ended 31 December 2012. If the business combination had taken place at the beginning of the year, the revenue and group's profit, net of tax, would approximate the amounts as at acquisition date 2012.

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18. Investment in a Joint Venture

	Group	
	2013	2012
	$'000	$'000
Unquoted equity share at carrying value	–	–
Movements in carrying value:		
Balance at beginning of the year	–	173
Additions	10	49
Impairment loss for the year	(10)	(222)
Balance at end of the year	–	–

Name of joint venture, principal activities, country of incorporation/place of operations	**Cost in books of the group**		**Effective equity held by the group**	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**%**	**%**
Held by Unified Communications Pte Ltd:				
Unified Telecom Private Limited (a) Provision of telecommunications products, services and customized solutions. India	582	563	50	50

(a) The statutory reporting year end of the joint venture is 31 March. The unaudited management financial statements for the period from 1 January 2013 to 31 December 2013 of the joint venture have been used for proportionate consolidation since it is not significant to the group.

The summarised financial information of the joint venture, not adjusted for the percentage ownership held by the group is, as follows:

	Group	
	2013	2012
	$'000	$'000
Assets	20	33
Liabilities	(3)	(20)
Revenue	–	–
Loss for the year	(5)	(44)

19. Trade and Other Receivables, Non-Current

	Group		
	31.12.2013	31.12.2012	1.1.2012
	$'000	$'000	$'000
Trade receivables			
Outside parties	–	–	880
Other receivables			
Outside parties (a)	–	965	–
	–	965	880

It represents the gain from fair value adjustment of contingent consideration arising from the group's acquisition of the interest in Ahead Mobile Sdn Bhd.

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20. Inventories

	Group 2013 $'000	Group 2012 $'000
Finished goods for resale	3	38
Inventories are stated after allowance as follows:		
Balance at beginning of the year	881	886
Charge to profit or loss included in other charges	74	7
Used	(5)	(2)
Foreign exchange adjustments	(13)	(10)
Balance at end of the year	937	881

There are no inventories pledged as security for liabilities.

21. Contract Work-in-Progress

	Group 2013 $'000	Group 2012 $'000
Aggregate amount of costs incurred and recognised profits to-date on uncompleted contracts	2,411	2,964
Less: Progress payments received and receivable to-date	(1,625)	(2,599)
Net amount due from contract customers at end of the year	786	365
Included in the statements of financial position as follows:		
Under Trade Receivables (Note 22)	851	577
Under Trade Payables (Note 27)	(65)	(212)
Net	786	365

The contract work-in-progress relates to proprietary solution contracts undertaken by the group for its customers. At the end of the reporting year, amounts included in trade and other receivables arising from service contracts are due for settlement within 12 months.

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22. Trade and Other Receivables

	Group			Company		
	31.12.2013	31.12.2012	1.1.2012	31.12.2013	31.12.2012	1.1.2012
	$'000	$'000	$'000	$'000	$'000	$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Trade receivables						
Outside parties	6,562	6,743	5,195	–	–	–
Related companies (Note 3)	–	5	8	–	–	–
Due from customers on contracts (Note 21)	851	577	437	–	–	–
Less: Allowance for impairment	(37)	(66)	(171)	–	–	–
Subtotal	7,376	7,259	5,469	–	–	–
Other receivables						
Outside parties	120	169	232	73	74	76
Less: Allowance for impairment	(120)	(119)	(76)	(72)	(72)	–
Subsidiaries	–	–	–	6,770	6,140	6,349
Less: Allowance for impairment	–	–	–	(2,242)	(1,038)	–
Ultimate parent company (Note 3)	116	120	123	–	–	–
Tax recoverable	204	145	–	–	–	–
Refundable deposits	237	219	195	–	–	–
Less: Allowance for impairment	(24)	(24)	(24)	–	–	–
Subtotal	533	510	450	4,529	5,104	6,425
Total trade and other receivables	7,909	7,769	5,919	4,529	5,104	6,425
Movements in above allowance for outside parties:						
Balance at beginning of the year	209	271	2,534	72	–	–
Reversal for receivables to profit or loss included in other credits	–	(87)	(54)	–	–	–
Charge for receivables to profit or loss included in other charges	1	72	21	--	72	–
Used	(29)	(47)	(2,230)	–	–	–
Balance at end of the year	181	209	271	72	72	–
Movements in above allowance for other receivables from subsidiaries:						
Balance at beginning of the year	–	–	–	1,038	–	–
Charge for receivables to profit or loss included in other charges	–	–	–	1,204	1,038	–
Balance at end of the year	–	–	–	2,242	1,038	–

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23. Other Assets, Current

	Group			Company		
	31.12.2013	31.12.2012	1.1.2012	31.12.2013	31.12.2012	1.1.2012
	$'000	$'000	$'000	$'000	$'000	$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Prepayments	536	248	579	3	10	26

24. Cash and Cash Equivalents

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Not restricted in use (a)	8,453	7,756	22	13
Restricted in use (b)	2,401	3,592	–	–
Cash pledged for bank facilities (c)	400	594	–	–
	11,254	11,942	22	13

The interest earning balances are not significant.

(a) The Group has an amount of $923,000 (2012: $927,000) deposited with bank in Pakistan. In accordance with the requirement of Pakistan Foreign Exchange Regulations, the Group requires the approval from the State Bank of Pakistan on any foreign remittance.

(b) The amount represents a deposit in an escrow account that serves as contingent consideration payable for the acquisition of a subsidiary (Note 17A).

(c) This is for amount held by the bankers as securities for the Group's bank facilities.

24A. Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

	Group	
	2013	2012
	$'000	$'000
Amount as shown above	11,254	11,942
Cash restricted in use	(2,401)	(3,592)
Cash pledged for bank facilities	(400)	(594)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	8,453	7,756

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25. Share Capital

	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at beginning and end of reporting years 31 December 2012 and 31 December 2013	319,572	31,948

The ordinary shares of no par value which are fully paid carry no right to fixed income. The holders of ordinary shares are entitled to receive dividends when declared by the company. All ordinary shares carry one vote per share without restrictions.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

In order to maintain its listing on the Singapore Exchange, the company has to have share capital with at least a free float of 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The group and the company have no borrowings as at 31 December 2013 and 31 December 2012. Therefore, the debt-to-adjusted capital ration does not provide a meaningful indicator of the risk of borrowings.

26. Other Payables, Non-Current

	Group	
	2013 $'000	2012 $'000
Outside party	–	2,293

It represented contingent consideration for the acquisition of a subsidiary (Note 17A).

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27. Trade and Other Payables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade payables				
Outside parties and accrued liabilities	1,601	1,577	–	–
Due to customers on contracts (Note 21)	65	212	–	–
Subtotal	1,666	1,789	–	–
Other payables				
Accrued expenses	1,752	1,357	200	168
Ultimate parent company (Note 3)	14	6	–	–
Deposits to secure services	95	99	–	–
Subsidiaries	–	–	467	350
Related companies (Note 3)	19	20	–	–
Outside parties	1,257	2,038	43	40
Subtotal	3,137	3,520	710	558
Total trade and other payables	4,803	5,309	710	558

28. Other Liabilities

	Group		
	31.12.2013	31.12.2012	1.1.2012
	$'000	$'000	$'000
		(Restated)	(Restated)
Advance billings to customers	354	150	147

29. Financial Instruments: Information on Financial Risks

29A. Classification of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Financial assets:				
Cash and bank balances	11,254	11,942	22	13
Loans and receivables	7,909	7,769	4,529	5,104
	19,163	19,711	4,551	5,117
Financial liabilities:				
Trade and other payables measured at amortised cost	4,803	7,602	710	558

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29. Financial Instruments: Information on Financial Risks (Cont'd)

29A. Classification of Financial Assets and Liabilities (Cont'd)

Further quantitative disclosures are included throughout these financial statements. There are no significant fair value measurements recognised in the statement of financial position.

29B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. The guidelines include the following:

(i) Minimise interest rate, currency, credit and market risks for all kinds of transactions.

(ii) Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

(iii) All financial risk management activities are carried out and monitored by senior management staff.

(iv) All financial risk management activities are carried out following market practices.

The group and company are exposed to currency and interest rate risks. There are no arrangements to reduce such risk exposures through derivatives and other hedging instruments.

29C. Fair Value of Financial Instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

29D. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Note 24 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2012: 30 to 90 days). But some customers take a longer period to settle the amounts.

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29. Financial Instruments: Information on Financial Risks (Cont'd)

29D. Credit Risk on Financial Assets (Cont'd)

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2013	**2012**
	$'000	**$'000**
Trade receivables:		
3 to 9 months	1,092	1,485
Over 9 months	1,286	374
	2,378	1,859

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2013	**2012**
	$'000	**$'000**
Trade receivables:		
Over 9 months	37	66

The allowance which is disclosed in Note 22 on trade receivables is based on individual accounts totalling $37,000 (2012: $66,000) that are determined to be impaired at the end of reporting year. These are not secured.

(c) At end of the reporting year, approximately 56% (2012: 72%) of trade receivables are due from three customers as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Top 1 customer	3,533	4,342
Top 2 customers	3,891	4,834
Top 3 customers	4,110	5,256

Other receivables are normally with no fixed terms and therefore there is no maturity.

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29. Financial Instruments: Information on Financial Risks (Cont'd)

29E. Liquidity Risk

The following table analyses the financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

	Less than 1 year $'000	2 to 5 years $'000	Total $'000
Group			
2013:			
Trade and other payables	4,803	–	4,803
2012:			
Trade and other payables	5,309	2,293	7,602
Company			
2013:			
Trade and other payables	710	–	710
2012:			
Trade and other payables	558	–	558

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. For financial guarantee contracts the maximum earliest period in which the guarantee amount can be claimed by the other party is used. At the end of the reporting year no claims on the financial guarantees are expected.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2012: 30 to 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

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29. Financial Instruments: Information on Financial Risks (Cont'd)

29F. Interest Rate Risk

The group and the company are not subject to significant interest rate risk exposure.

29G. Foreign Currency Risk

Analysis of amounts denominated in non-functional currency at the end of the reporting year:

	Singapore dollars $'000	US dollars $'000	Euro $'000	Indian Rupee $'000	Total $'000
Group					
2013					
Financial assets:					
Cash and cash equivalents	-	475	369	-	844
Trade and other receivables	188	1,299	162	-	1,649
Total financial assets	188	1,774	531	-	2,493
Financial liabilities					
Trade and other payables	-	(848)	(394)	(176)	(1,418)
Net financial assets/ (liabilities)	188	926	137	(176)	1,075
2012					
Financial assets:					
Cash and cash equivalents	-	433	-	-	433
Trade and other receivables	344	1,204	50	8	1,606
Total financial assets	344	1,637	50	8	2,039
Financial liabilities					
Trade and other payables	-	(1,077)	(498)	(197)	(1,772)
Net financial assets/ (liabilities)	344	560	(448)	(189)	267
Company					
2013					
Financial assets:					
Cash and cash equivalents	–	2	–	–	2
2012					
Financial assets:					
Cash and cash equivalents	–	1	–	–	1

There is exposure to foreign currency risk as part of the group's normal business.

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29. Financial Instruments: Information on Financial Risks (Cont'd)

29G. Foreign Currency Risk (Cont'd)

Sensitivity analysis:

	Group	
	2013	**2012**
	$'000	**$'000**
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against Singapore dollars with all other variable held constant would have an adverse effect on profit before tax of	(19)	(34)
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against US$ with all other variable held constant would have an adverse effect on profit before tax of	(93)	(56)
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against Euro with all other variable held constant would have (adverse) / favourable effect on profit before tax of	(14)	45
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against Indian Rupee with all other variable held constant would have a favourable effect on profit before tax of	18	19

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction on the profit or loss.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

30. Operating Lease Payment Commitments

At the end of the reporting year, total of future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Not later than one year	175	164
Later than one year and not later than five years	132	113
Total	307	277
Rental expenses for the year	371	374

Operating lease payments represent rentals payable for certain office premises. The lease rental terms are negotiated for an average term of three years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

31. Operating Lease Income Commitments

At the end of the reporting year, total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Not later than one year	249	233
Later than one year and not later than five years	478	–
Total	727	233

Operating lease income commitments are for the investment property. The lease rental income terms are negotiated for a term of three years.

32. Contingent Liabilities

	Company	
	2013	**2012**
	$'000	**$'000**
Undertaking to support subsidiaries with deficits (a)	4,931	3,327
Litigation (b)	2,100	–

(a) The company has undertaken to provide continued financial support to certain of its subsidiaries which has total accumulated losses in excess of the issued and paid-up capital as at 31 December 2013 amounting in aggregate to $ 4,931,000 (2012: $3,327,000) to enable them to continue to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the end of the reporting year.

The company has also issued a financial guarantee to a bank for banking facilities granted to a subsidiary. The banking facilities are secured by fixed deposits of the subsidiary amounting to approximately $364,000 and covered by a personal guarantee of a director of the subsidiary and corporate guarantee of the company of $590,000 (2012: $611,000). As at the end of the financial year, the outstanding facilities covered by the guarantee were Nil (2012: Nil).

(b) On 19 November 2013, Unified Telecom Private Limited ("UTPL"), a joint venture of United Communications Pte Ltd ("UCPL") filed a petition to the High Court of Delhi, New Delhi in India under Section 9 of India Arbitration and Conciliation Act, 1996 to obtain interim relief on the protection of assets currently under the custody of a former customer, a mobile telecoms network operator and service provider in India (the "Telco"), and to deny the penalty claims by the Telco against UTPL.

The Telco had via a letter issued in July 2013 alleged that UTPL is liable for a sum of INR 10.7 crore (approximately $2.1 million) for damages and expenditure incurred in connection with the contract during its currency.

Legal advice has been sought from reputable law firms in both India and Singapore with good credentials in handling contract litigation and dispute resolution, to review and advise on the merit of this claim by the Telco on UTPL.

Based on the legal opinions obtained from the law firms concerned, management is of the view that UTPL has full rights and title to the assets and should be entitled to demand their return, and that the Telco's claim against UTPL has no legal merit. Accordingly, external legal counsel in Singapore and India have been appointed to advise and represent UCPL and UTPL to pursue legal recourse.

The High court of Delhi has scheduled the matter to be heard on 23 April 2014.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

33. Changes and Adoption of Financial Reporting Standards

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income
FRS 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)
FRS 16	Amendment to FRS 16 Property, Plant and Equipment (Annual Improvements)
FRS 19	Employee Benefits (Revised)
FRS 32	Amendment to FRS 32 Financial Instruments: Presentation (Annual Improvements)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (early adoption)
FRS 107	Amendments to FRS 32 and 107 titled Offsetting Financial Assets and Financial Liabilities (*)
FRS 113	Fair Value Measurements
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine (*)

(*) Not relevant to the entity.

34. Future Changes in Financial Reporting Standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 July 2013
FRS 27	Separate Financial Statements (Revised)	1 January 2014
FRS 28	Investments in Associates and Joint Ventures (Revised)	1 January 2014
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill)	1 January 2014
FRS 32	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting (*)	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112	1 January 2014
INT FRS 121	Levies (*)	1 January 2014

(*) Not relevant to the entity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

35. Comparatives

35A. Reclassifications

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the presentation of the current year's financial statements. The reclassifications include the following:

	After reclassification $'000	Before reclassification $'000	Difference $'000
Consolidated Statement of Comprehensive Income			
31 December 2012:			
Other operating expenses	–	(1,475)	1,475
Other operating income	–	7,021	(7,021)
Interest income	327	–	327
Other credits	6,355	–	6,355
Other charges	(1,136)	–	(1,136)
Consolidated Statement of Financial Position:			
31 December 2012:			
Trade and other receivables	7,769	7,867	(98)
Other assets	248	–	248
Other liabilities	(150)	–	(150)
1 January 2012:			
Trade and other receivables	5,919	6,351	(432)
Investment in joint venture	173	–	173
Other assets, non-current	–	173	(173)
Other assets, current	579	–	579
Other liabilities	(147)	–	(147)
Statement of Financial Position:			
31 December 2012:			
Trade and other receivables	5,104	5,114	(10)
Other assets	10	–	10
1 January 2012:			
Trade and other receivables	6,425	6,451	(26)
Other assets	26	–	26

36. Comparative figures

The financial statements for the reporting year ended 31 December 2012 were audited by other independent auditors (other than RSM Chio Lim LLP) whose report dated 18 March 2013 expressed an unmodified opinion on those financial statements.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2014

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	3	0.17	413	0.00
1,000 - 10,000	784	45.77	5,513,504	1.72
10,001 - 1,000,000	906	52.89	55,344,000	17.32
1,000,001 and above	20	1.17	258,714,758	80.96
TOTAL	**1,713**	**100.00**	**319,572,675**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Worldwide Matrix Sdn Bhd	126,922,939	39.72
2	DMG & Partners Securities Pte Ltd	63,272,000	19.80
3	Wong Tze Leng	19,034,329	5.96
4	Raffles Nominees (Pte) Limited	7,379,000	2.31
5	Chang Shaw Hwa	5,852,000	1.83
6	OCBC Securities Private Limited	5,836,500	1.83
7	UOB Kay Hian Private Limited	5,603,000	1.75
8	HSBC (Singapore) Nominees Pte Ltd	5,040,000	1.58
9	DBSN Services Pte Ltd	2,269,000	0.71
10	Wong Yoke Lu	2,060,000	0.64
11	Goh Peng Hock	2,000,000	0.63
12	Tan Eng Chua Edwin	1,994,000	0.62
13	Phillip Securities Pte Ltd	1,909,990	0.60
14	DBS Nominees (Private) Limited	1,713,000	0.54
15	Yan Kim Poh	1,600,000	0.50
16	Ong Wooi Siang	1,595,000	0.50
17	United Overseas Bank Nominees (Private) Limited	1,349,000	0.42
18	OCBC Nominees Singapore Private Limited	1,177,000	0.37
19	Tsao San	1,070,000	0.33
20	DBS Vickers Securities (Singapore) Pte Ltd	1,038,000	0.32
	Total	**258,714,758**	**80.96**

SUBSTANTIAL SHAREHOLDERS

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

(a) Advance Synergy Berhad is deemed to be interested in the shares held by Worldwide Matrix Sdn Bhd by virtue of its shareholdings in Worldwide Matrix Sdn Bhd.

Based on the information available to the Company as at 20 March 2014, approximately 33.98% of the issued ordinary shares of the Company is held by the public. Therefore Rule 723 of the Listing Manual issued by Singapore Exchange Securities Trading Limited has been complied with by the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Copthorne King's Hotel, 403 Havelock Road, Singapore 169632, Prince 2, Level 13 on Monday, 28 April 2014 at 4.00 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2013 and the Reports of Directors and Auditors thereon. **Resolution 1**

2. To approve the directors' fees of S$83,000 for the financial year ended 31 December 2013 [2012: S$80,000]. **Resolution 2**

3. To re-elect the following directors retiring pursuant to Article 103 of the Company's Articles of Association:-

   (a) Mr Wong Tze Leng **Resolution 3**
   (b) Ms Lee Su Nie **Resolution 4**

   (See Explanatory Note 1)

4. To re-appoint RSM Chio Lim LLP as auditors of the Company and to authorise the directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following with or without modifications:-

Ordinary Resolutions

5. **Authority to allot and issue shares**

   (a) "That, pursuant to Section 161 of the Companies Act, Cap. 50, and the Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST), approval be and is hereby given to the directors of the Company at any time to such persons and upon such terms and for such purposes as the directors may in their absolute discretion deem fit, to:- **Resolution 6**

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

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

      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

   (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors while the authority was in force, provided always that:-

      (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior shareholders' approval is required under the Listing Rules, an issue of treasury shares will not require further shareholders' approval and will not be included in the aforementioned limits;

NOTICE OF ANNUAL GENERAL MEETING

5. **Authority to allot and issue shares (Cont'd)**

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of shares excluding treasury shares at the time this resolution is passed, after adjusting for:-

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

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

c) any subsequent consolidation or subdivision of the Company's shares;

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." *(See Explanatory Note 2)*

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

Dated this 4th day of April 2014

By Order of the Board

Tan Siew Hua
Company Secretary

Explanatory Notes:-

1. The ordinary resolution in item 3 is to re-elect the retiring directors pursuant to Article 103 of the Company's Articles of Association:-

   (a) Mr Wong Tze Leng will, upon re-election as a director of the Company, remain as the Executive Chairman of the Company.

   (b) Ms Lee Su Nie will, upon re-election as a director of the Company, remain as the Non-Independent Non-Executive Director and a member of Audit, Nominating and Remuneration Committees of the Company.

2. The ordinary resolution 6 in item 5 if passed will empower the directors of the Company from the date of this Meeting until the next Annual General Meeting to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the directors may allot and issue under this resolution would not exceed 50 percent of the issued share capital of the Company at the time of passing this resolution. For issue of shares and convertible securities other than on a pro-rata basis to all shareholders the aggregate number of shares to be issued shall not exceed 20 percent of the issued share capital of the Company, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:-

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies in his/her stead.

2. A proxy needs not be a member of the Company.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 168 Jalan Bukit Merah, Connection One Tower 3, #04-08A, Singapore 150168 not later than 48 hours before the time appointed for the Meeting.

UNIFIED COMMUNICATIONS HOLDINGS LIMITED

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

Important:

1. For investors who have used their CPF monies to buy Unified Communications Holdings Limited's shares, this Annual Report 2013 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

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

Company Registration No. ____________________ of ____________________

____________________ (Address)

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

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

* and/or

as **my/our proxy/proxies* to vote for **me/us* on **my/our* behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Copthorne King's Hotel, 403 Havelock Road, Singapore 169632, Prince 2, Level 13 on Monday, 28 April 2014 at 4.00 p.m. and at any adjournment thereof.

* *I/We* direct **my/our proxy/proxies* to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the * *proxy/ proxies* will vote or abstain from voting at **his/their* discretion.

No.	Ordinary Resolutions	Resolution No.	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2013 and the Reports of Directors and Auditors thereon.	**Resolution 1**		
2.	To approve the directors' fees of S$83,000 for the financial year ended 31 December 2013 [2012: S$80,000].	**Resolution 2**		
3.	To re-elect the following directors retiring pursuant to Article 103 of the Company's Articles of Association:- (a) Mr Wong Tze Leng (b) Ms Lee Su Nie	 **Resolution 3** **Resolution 4**		
4.	To re-appoint RSM Chio Lim LLP as auditors of the Company and to authorise the directors to fix their remuneration.	**Resolution 5**		
5.	To authorise directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50.	**Resolution 6**		

Dated this __________ day of ____________ 2014

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal

* *Please delete accordingly.*

PROXY FORM

UNIFIED COMMUNICATIONS HOLDINGS LIMITED

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

Notes :-

1. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he/she should insert that number of shares. If the member has shares entered in his/her name in the Register of Members of the Company, he/she should insert the number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his/her name in the Register of Members of the Company, he/she should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company.

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

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 168 Jalan Bukit Merah, Connection One Tower 3, #04-08A, Singapore 150168 not later than 48 hours before the time set for the Annual General Meeting. If a member submits a proxy form and subsequently attends the meeting in person, and votes, the appointment of the proxy should be revoked.

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

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

unifiedcomms

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