JEL

Global brands to local markets

2011 ANNUAL REPORT

MIDDLE EAST - CENTRAL ASIA - ASIA

CONTENTS:

CORPORATE PROFILE

JEL Corporation is an established distributor of IT, photographic and timepiece products, with distribution networks spanning many emerging markets in Asia, the Middle East and Central Asia. Headquartered in Singapore, JEL Corporation distributes a wide range of world renowned brands such as Apple, Fujifilm, Tamron, Velbon, Marumi, Mitsubishi Electric, Metz, MSI, Samsung, Noritsu, Wenger, Fendi, Titan, Corum, Nixon, Lacoste, Hugo Boss and Tommy Hilfiger. The Group also distributes its two in-house brands, efiniti and Ecochem. efiniti, photographic consumables and Ecochem, a product that offers photoprocessing chemicals, which are both able to complement our existing network and our principals' range of products.

MISSION / VISION / CORPORATE VALUES

To provide the bridge linking the developed and emerging markets.

To be a company of strong trading and distribution network in emerging markets, with core strengths in marketing and offering a diversified portfolio.

Integrity
Respect and uphold the interest of the Company, Employees, Investors, Suppliers, Customers and Bankers at all times.

Unity
Communicating well and moving together as a team, among all levels and units, regardless of nationality and gender, working towards the same goal and objectives.

Agility
Keeping abreast with market developments and technology, anticipate, embrace and adapt to changes, and striving to be proactive by taking advantage of all changes.

Commitment
Be serious, passionate and enthusiastic, putting in our best and always staying focused in achieving our goals and objectives.

Prudence
Making all decisions based on sound risk-benefit assessment and operating the business based on sound planning and proper due diligence.

Resilience
Ability to self motivate amidst harsh conditions and rapid changes, not losing sight and hope of achieving one's objectives.

GLOBAL BRANDS

efiniti life's rewards

eco-chem

iCenter

FUJIFILM

TAMRON New eyes for industry

Velbon The Tripod Innovators

marumi

MITSUBISHI ELECTRIC kiosk

Metz

msi

SAMSUNG

NORITSU

SINCE 1893 WENGER

FENDI

TITAN

CORUM

NIXON

LACOSTE

BOSS HUGO BOSS

TOMMY HILFIGER

CHAIRMAN'S AND CEO'S STATEMENT

Dear Shareholders,

We are pleased to bring you this Annual Report for 2011.

Last year, we shared with you our pause, at the CROSSROADS, as we had to ponder yet again, the future of your Company, fraught with so many challenges.

We want to thank you, our shareholders, for giving a resounding vote of confidence! Especially at a time such as this. Despite so many difficulties and uncertainties, you rallied behind your Board and ensured that our very first Rights Issue, was almost 200% over-subscribed! This raised substantial funds, which, with the help of some accumulated cashflow from operations, enabled the Company to retire the entirety of our bank debts, under the terms of the Scheme of Arrangement (SOA). For the first time in our history, we are bank debt free!

These outcomes were never assured, given the lapsing of our Subscription Agreement, the risk of the SOA failing, and the pressures of getting off the SGX-ST watch-list. We must record our sincere thanks to each of our Lenders, as they have supported the work of this new Board and Management, throughout the last 5 years and voted unanimously for the SOA last year. We have kept faith with them and fulfilled completely, the terms of the SOA.

In the process, we have seen the emergence of a new controlling shareholder, in the person of our CEO; and an additional substantial shareholder. Even though they were all already among our shareholders, we welcome them aboard, with their increased stake!

We see clearly, the need to meet the two pre-requisites of getting off the watch-list, namely profitability and market cap size. Now that we have met one of these criteria, we have already applied for an extension of time and are awaiting the outcome. The Company is eligible to do so, under the guidelines of the Listing Manual. If given, your Board will act swiftly, towards meeting the other criterion of market size. Whilst your Board sees every reason why an extension should be given, in the event SGX-ST refuses, your Company may be involuntary de-listed and if so, remain a public, but unlisted company. Your Board has been working very hard to avert this possibility.

In the meantime, your Company needs to grow both organically and inorganically. After several years of consolidation, getting firmly on the growth pathway is essential for our future. Your Board will, given the opportunity, pursue twin tracks, namely of ensuring that our core businesses are healthy and grow stronger; and of looking at mergers & acquisitions opportunities, to give breadth and depth to the Group.

With all these in mind, it's fair to say the Company has TURNED THE CORNER, hopefully to a brighter future. To mark this unprecedented milestone, your Board is proposing a change of name. "JEL Corporation" has served us well, though in recent years, with mixed blessings. The name reflects the initials of the founder and two other members of his family and associates. The two other members of his family are no longer associated with the Group and while the founder remains a substantial shareholder, he is no longer a controlling shareholder and has not been involved in the management of the Group since he stepped down in 2007.

After considering various possibilities, the Board has come up with "GSH", which stands for Global Strategic Holdings. This name reflects our global reach in distribution and our strategic positioning in emerging markets, befitting our existing business. As a generic name, it will also allow us to expand or diversify, through mergers & acquisitions, into other businesses. A change of name is an important decision that requires a special resolution of shareholders. The Board has obtained in principle approval of the name by SGX-ST and reserved the acronym name and the full name. Accordingly, an EGM will be held right after the upcoming AGM, to seek your kind approval.

We are now pleased to bring you highlights of last year's results. Revenue increased from S$89.4 million in FY2010, to S$123.3 million in FY2011. Operationally, excluding any extraordinary items, the Group was profitable.

Selected Group's Financial Data:

$'000	FY2011	FY2010	%Variance
Revenue	123,290	89,426	37.9%
Gross profits*	8,130	5,306	53.2%
Gross margins*	6.6%	5.9%	
Administrative expenses**	(7,409)	(8,060)	-8.1%
EBITA***	721	(2,754)	-126.2%
(Loss) / Profit before tax	(393)	1,371	-128.7%

* Gross profits/margins after deducting distribution and selling expenses.

** Administrative expenses after adding back rental income and excluding amorisation and depreciation, and net foreign exchange gain/loss.

*** EBITDA excluding other operating income and other expenses.
Although EBITDA was profitable (having turned around from S$(2.75m) to S$0.72m), there was a net one-off extraordinary item of S$1.56m. Please see below for details.

Revenue and Margin

The Group's Revenue increased by 37.9%, from S$89.4m in FY2010, to S$123.3m in FY2011. Gross margins increased from 5.9% to 6.6%. Correspondingly, gross profit increased by 53.2%, from S$5.3m in FY2010, to S$8.1m in FY2011.

The higher Revenue and gross profit in FY2011 were attributable to the better performance in the Group's IT business in Indochina and Photographic business in Central Asia.

Administrative Expenses

Administrative expenses decreased by S$0.65m or 8.1%, from S$8.06m in FY2010 to S$7.41m in FY2011, mainly due to further cost reductions undertaken by the Group in FY2011.

Extraordinary Item

The one-off extraordinary item was due to the amortisation of finance expense of S$2.03m in FY2011, as a result of the Group's borrowings being measured at amortised cost, using the effective interest method. However there was a gain on de-recognition of financial liabilities of S$0.47m, due to the de-recognition of the original borrowings and the recognition of new financial liabilities, as a result of the Scheme of Arrangement modifying the original Debt Restructuring Agreement.

Subsequent to FY2011, on 17 February 2012, the Group repaid the Lenders the amount of S$8.0m, under the terms of the SOA, and consequently extinguished the entire debts amounting to approximately $17.3m. The Group will record a net gain of approximately S$5.0 million in FY2012, as a result of this.

In summary, these items are non-cash and non-recurring in nature. Excluding this extraordinary item, the Company's EBITDA improved from a loss of S$2.75m in FY2010 to a profit of S$0.72m in FY2011.

Looking ahead

On 3 March 2010, the Company was placed on the watch-list of the SGX-ST. Pursuant to Rule 1314 of the Listing Manual, the Company may apply for its removal from the watch-list of the SGX-ST, if it records consolidated pre-tax profit for the most recently completed financial year, excluding exceptional or non-recurrent income and extraordinary items; and has an average daily market capitalisation of S$40 million or more over the last 120 Market Days on which trading was not suspended or halted; or if the Company satisfies the quantitative criteria in Rules 210(2)(a) or 210(2)(b) of the Listing Manual, for listing of equity securities on the Main Board of the SGX-ST. Should the Company be unable to meet the requirements of Rule 1314 of the Listing Manual by 2 March 2012, the SGX-ST may either remove the Company from its Official List, or suspend trading of the Shares with a view to removing the Company from its Official List.

For FY2011, the Group has recorded an audited pre-tax profit excluding exceptional or non-recurrent income and extraordinary items. Under the guidelines to the Listing Manual the Company is eligible to apply for an extension of 12 months, to get off the watch-list. Accordingly, the Company has applied to the SGX-ST for an extension of 12 months, to the 2 March 2012 deadline, and your Board will keep you updated on the outcome.

We hope these comments will help you better understand our audited accounts and the business of our AGM and EGM. See you on 25 April 2012.

Sincerely,

Francis Lee
Non-Executive Chairman and Independent Director

Gilbert Ee
Chief Executive Officer

26 March 2012

CORPORATE INFORMATION

Board of Directors

Francis Lee Choon Hui
Non-Executive Chairman/
Independent Director

Gilbert Ee Guan Hui
Chief Executive Officer

Ryo Kobayashi
Chief Operating Officer

Michael G. Gray
Independent Director

Edward Fu Shu Sheen
Independent Director

Audit Committee

Michael G. Gray (Chairman)
Francis Lee Choon Hui
Edward Fu Shu Sheen

Nominating Committee

Francis Lee Choon Hui (Chairman)
Michael G. Gray
Edward Fu Shu Sheen

Remuneration Committee

Edward Fu Shu Sheen (Chairman)
Francis Lee Choon Hui
Michael G. Gray

Company Secretaries

Tan Cher Liang
Lee Tiong Hock

Share Registrar

Boardroom Corporate & Advisory
Services Pte Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: 6256 5355 Fax: 6536 1360

Auditors

Ernst & Young LLP
One Raffles Quay North Tower Level 18,
Singapore 048582
Partner-in-Charge: Lim Tze Yuen
(Since financial year ended 31 December 2009)

Registered Office

JEL Centre
11 Changi North Way,
Singapore 498796
Tel: (65) 6841 1000
Fax: (65) 6881 1000
www.jelcorp.com

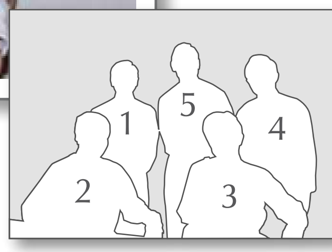
Registration No:

200106139K

Bankers

Bangkok Bank Public Company Limited
Raiffeisen Zentralbank öesterreich Aktiengesellschaft
Australia and New Zealand Banking Group Limited
BNP Paribas
VTB Capital PLC

OUR BOARD OF DIRECTORS



1 Non-Executive Chairman and Independent Director

Lee Choon Hui, Francis was appointed as our Non-Executive Chairman and Independent Director on 8 January 2008. Mr Lee first joined the Board as an Independent Director in 2003. Following a reconstitution of the Board, he became Non-Executive Chairman of the Board on 8 January 2008 and remains an Independent Director. Mr Lee is a lawyer by training. He practiced law for 22 years in the fields of corporate law, civil litigation and general commercial practice. In 1992, Mr Lee retired from legal practice to found Corporate Ventures Group, a consultancy firm for mergers and acquisitions, of which he is the Chairman. Corporate Ventures Group has a strategic alliance with Phillip Capital Group, for mergers and acquisitions work. Mr Lee also sits on the board of another listed company, Sunright Limited.

2 Chief Executive Officer and Executive Director

Ee Guan Hui, Gilbert was appointed our Chief Executive Officer and an Executive Director, on 1st May 2007. In this role he will be responsible for the day to day management of the group. He will also be responsible for formulating the strategic and business plans and for their implementation. Mr. Ee was previously the Regional Head, Global Financial Markets, at Rabobank International, overseeing all Capital markets and Treasury activities. Prior to that, Mr. Ee also held various management positions in Barclays Capital and Citibank. He is currently a Director of Solstice Investments Pte Ltd, Europlastik Sdn Bhd, Oxley JV Pte Ltd, Solstice Development Pte Ltd and S11 Group Co. Limited.

3 Chief Operating Officer and Executive Director

Ryo Kobayashi was appointed our Chief Operating Officer and an Executive Director, on 1st April 2008. Mr. Kobayashi had held various senior management positions in multi-national companies such as Timberland, Coca-Cola and Kao Corporation, and was previously based in Japan, the United States, Thailand and Singapore. Mr. Kobayashi holds a masters degree in marketing management and a bachelor degree in Economics.

4 Independent Director

Fu Shu Sheen, Edward was appointed as our Independent Director on 5 November 2007. Mr Fu brings to the Board more than 30 years of extensive experience in credit and marketing, debt restructuring, professional advisory and consultancy services. He is currently a director of John Edward Consultancy Pte Ltd and Continental Investment & Trading Pte Ltd.

5 Independent Director

Michael Grenville Gray was appointed as our Independent Director on 17 October 2007. Mr Gray has more than 30 years of extensive experience in professional advisory and audit practice, mostly in Southeast Asia. Prior to his retirement at the end of 2004, he was a partner in PricewaterhouseCoopers Singapore and, before that, Territorial Senior Partner for PricewaterhouseCoopers Indochina (Vietnam, Cambodia and Laos). He is an Independent Director and chairman of the Audit Committees of Singapore Exchange-listed Avi-Tech Electronics Limited, Ascendas Property Fund Trustee Pte Ltd and UK listed VinaCapital Vietnam Opportunity Fund Limited as well as Independent Director of Raffles Marina Holdings Ltd. Mr Gray has been a member of the Institute of Chartered Accountants in England and Wales (FCA) since 1976 and is Fellow of the Institute of Certified Public Accountants of Singapore and Fellow of the Singapore Institute of Directors. An active Singapore Citizen, Mr Gray has held positions in statutory boards, grassroots organisations and voluntary welfare organisations. He was awarded the Public Service Medal in 1992, the Public Service Star in 1999 and the Public Service Star Bar in 2010, by the Singapore Government.

OUR FOOTPRINTS

ASIA

Singapore
JEL CORPORATION (HOLDINGS) LTD
JEL Centre
11 Changi North Way Singapore 498796
Tel: (65) 6248 5333 / 6841 1000
Fax: (65) 6881 1000

JEL FRANCHISE (HOLDINGS) PTE LTD
JEL Centre
11 Changi North Way Singapore 498796
Tel: (65) 6248 5333 / 6841 1000
Fax: (65) 6881 1000

JEL CORPORATION (FAR EAST) PTE LTD
JEL Centre
11 Changi North Way Singapore 498796
Tel: (65) 6248 5333 / (65) 6841 1000
Fax: (65) 6881 1000

Bangladesh
JEL TRADING (BANGLADESH) LTD
34 Kemal Ataturk Avenue
1st West Side, Awal Centre
Banani C/A, Dhaka Bangladesh
Tel: (880) 288 612 71

Vietnam
JEL MARKETING (VIETNAM)
JOINT VENTURE CO., LTD
2nd Floor, 62A Pham Ngoc Thach
Street,
Ward 6, District 3, HCMC,
Vietnam
Tel: (84) 38 209 903
Fax: (84) 38 209 904

Cambodia
JEL DISTRIBUTION (CAMBODIA)
PTE LTD
and JDC SERVICE CENTER
Attwood Business Center 37E1,
(Ground Floor), ABC Center,
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Sangkat Toeuk Thia Khan Reussey Keo
Phnom Penh, Cambodia
Tel: (855 23) 866 383
Fax: (855 23) 866 386

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Uzbekistan
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Kazakhstan
JEL DISTRIBUTION (KAZAKHSTAN) LLP
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house #128, Almaty City, 050059,
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Tel: +7 (727) 264 2222;
264 3504; 264 3594
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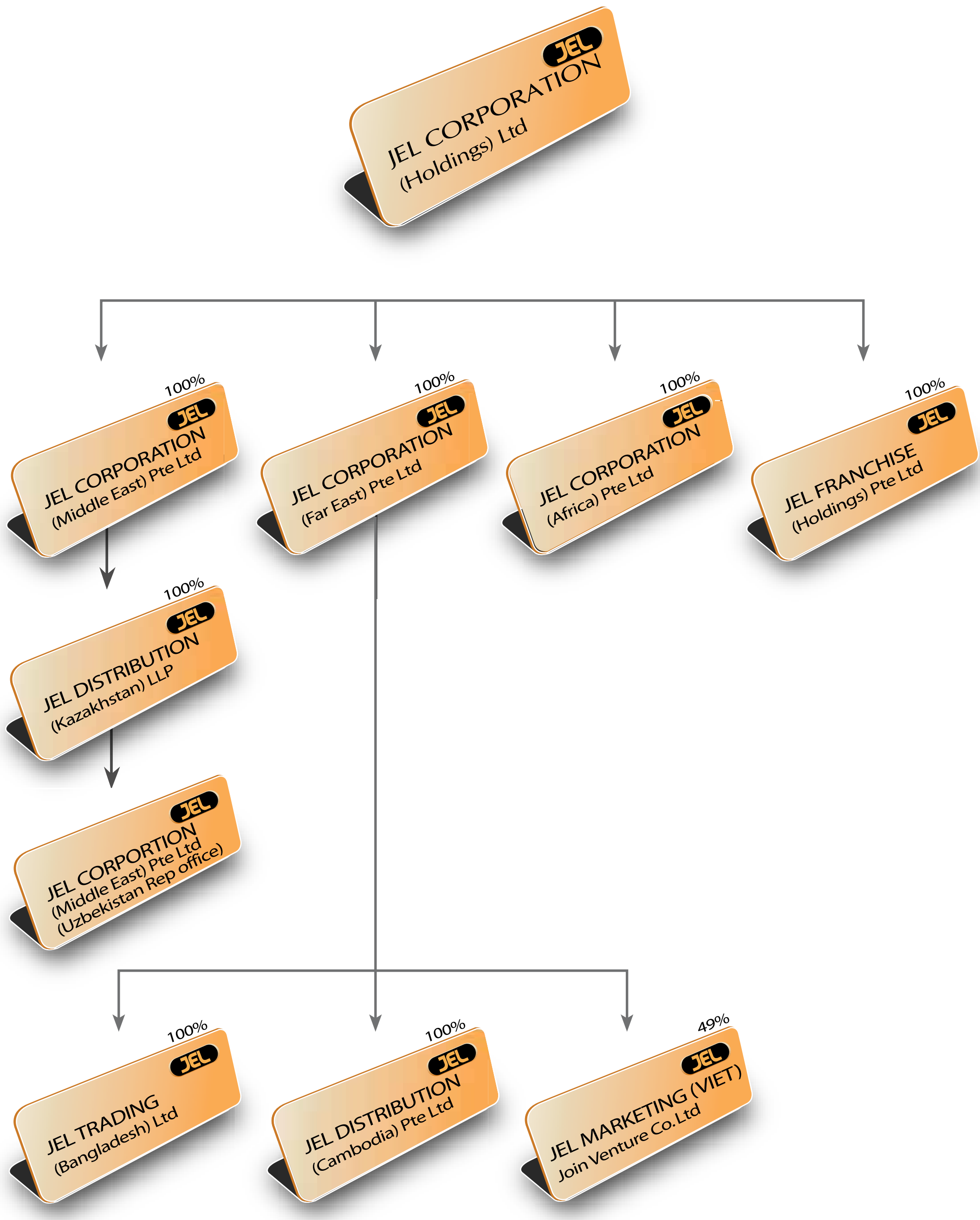

GROUP STRUCTURE

2011
annual report

Corporate Governance Report & Financial Statements

Corporate Governance

The Board and Management of JEL Corporation (Holdings) Ltd. ("JEL") firmly believes that a genuine commitment to good corporate governance is essential to the future of the Company's business and performance. We are pleased to confirm that the Company has adhered to the principles and standards of the Singapore Code of Corporate Governance (the "Code").

1. Board of Directors

(a) Board Composition

The Board of Directors (the "Board") comprises 3 Non-Executive Independent Directors and 2 Executive Directors (Independent Directors make up three-fifth of the Board, more than one-third recommended), namely:

Non-Executive Independent Directors
Francis Lee Choon Hui, Non-Executive Chairman/Independent Director
Michael Grenville Gray, Independent Director
Edward Fu Shu Sheen, Independent Director

Executive Directors
Gilbert Ee Guan Hui, Chief Executive Officer
Ryo Kobayashi, Chief Operating Officer

(b) Role of Chairman and Chief Executive Officer

The Code outlines that the roles of Chairman and Chief Executive Officer ("CEO") should in principle be separate, to ensure an appropriate balance of duties and responsibilities, increased accountability and greater capacity of the Board for independent decision making.

The positions of Chairman and CEO are held by separate individuals, with Francis Lee Choon Hui as the Non-Executive Chairman and Independent Director, and Gilbert Ee Guan Hui as the CEO.

The CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairman bears responsibility for the management of the Board. The CEO of the Company, Gilbert Ee Guan Hui, is not related to the Chairman of the Board, Francis Lee Choon Hui.

(c) Role of the Board of Directors

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

The Board establishes the control framework that enables risk to be assessed and managed and oversees the Company's affairs and provides shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a half yearly basis. This responsibility extends to interim and other price sensitive public reports, and reports to regulators (if required).

The Board sets the overall business direction, provides guidance on the Company's strategic plans with particular attention to growth and financial performance, and oversees the management of the Company.

The Board's primary functions include:

(i) Approving policies, strategies, structure and direction of the Group;

(ii) Overseeing and monitoring managerial and organizational performance and the achievement of strategic goals and objectives;

(iii) Ensuring that there are in place appropriate and adequate systems of internal controls, risk management, effective processes for financial reporting and compliance; approving the annual budget, major capital expenditures, funding proposals, and investment and divestment proposals;

(iv) Assuming responsibilities for good corporate governance practices; and

(v) Approving half yearly announcement and annual announcement and financial statements.

To discharge its duties effectively and efficiently, and to allow for detailed consideration of issues, the Board has established three committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each committee has its own defined scope of duties and terms of reference setting out the manner in which it is to operate and the functions for achieving its stated objectives. The compositions of the committees are as follows:

Directors	Audit Committee	Nominating Committee	Remuneration Committee
Michael Grenville Gray	Chairman	Member	Member
Francis Lee Choon Hui	Member	Chairman	Member
Edward Fu Shu Sheen	Member	Member	Chairman

The Board has met formally at least three to four times a year. In addition, the Board meets informally when required for the update of the progress of the business. In addition, for matters requiring immediate or urgent consideration by the Board, ad-hoc Board meetings are also convened. The Company's Articles of Association also provides for telephone conference and video conferencing meetings.

In the course of the year under review, the number of formal meetings held and attended by each member of the Board is as follows:

Financial Year Ended 31 December 2011

	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
Name of Director	Number Held	Attendance	Number Held	Attendance	Number Held	Attendance	Number Held	Attendance
Francis Lee Choon Hui	4	4	2	2	1	1	1	1
Gilbert Ee Guan Hui	4	4	NA	NA	NA	NA	NA	NA
Ryo Kobayashi	4	4	NA	NA	NA	NA	NA	NA
Michael Grenville Gray	4	4	2	2	1	1	1	1
Edward Fu Shu Sheen	4	4	2	2	1	1	1	1

Newly appointed directors, if any, are given briefings by the Chairman, and Management, on the business activities and its strategic decisions. The Directors are also furnished with relevant information and updates, relating to the Group's corporate governance practices from the time of appointment, and are also provided with updates on changes in laws and regulations relevant to the Group's businesses and operating environment on a regular basis.

Corporate Governance

Internal guidelines and authority limits have been laid down for Management to administer the Group's day-to-day operations. These guidelines and limits are reviewed by the Board from time to time, and adjusted when necessary. In addition, the Group has in place guidelines for approval of major capital and revenue expenditures and investments. The Board's approval is required beyond authorised amounts, specified for transactions, including but not limited to tender participation, financing activities, investments, purchase of fixed assets and disposal/write-off of assets. Other matters that require Board approval include appointments to the Board, business plans and strategies, the annual budget, material transactions, public announcements, and dividends to shareholders.

(d) Board Committees

To assist the Board in the execution of its duties, the Board has delegated specific functions to the Audit Committee, Nominating Committee and Remuneration Committee.

Audit Committee

The Audit Committee ("AC") comprises Michael Grenville Gray, Francis Lee Choon Hui and Edward Fu Shu Sheen, all of whom are non-executive independent directors. The Chairman of the AC is Michael Grenville Gray.

The Board is of the view that the present members of the AC are appropriately qualified to discharge their responsibilities. The Board reviews the composition and effectiveness of the members of the AC from time to time.

The AC assists the Board in fulfilling its responsibilities to safeguard the Company's assets, to ensure that Management maintains requisite accounting records, and to develop and maintain effective systems of internal control.

The overall objective of AC is to ensure that Management has put in place and maintains an effective control environment in the Group, and that Management by example encourages respect for the internal control systems among all parties.

The terms of reference of AC include, inter alia, the following:

(i) Review the Company's financial and operating results and accounting policies;

(ii) Review the Company's internal audit processes and the external / internal auditors' reports;

(iii) Review the Company's financial statements and consolidated financial statements as well as the external auditors' reports on those financial statements before submission to the Board;

(iv) Review the co-operation given by the Management to the auditors;

(v) Review the Company's audit plans and reports of the external auditors' examination and evaluation on the internal accounting control system;

(vi) Review transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(vii) Review the re-appointment of the external auditors;

(viii) Review the Company's significant financial reporting issues and judgments; and

(ix) Review any formal announcements relating to the Company's financial performance.

The AC has the explicit authority to conduct investigations into any matters within its terms of reference, including having full access to and co-operation of the Management, has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC has in place a whistle-blowing policy by which employees of the Group and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC is satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow up action. A set of guidelines was reviewed by the AC and approved by the board and issued to assist the AC in managing allegations of fraud or other misconduct which may be made in line with the whistle-blowing policy. The Whistle-Blowing Committee comprises the AC Chairman and two non-executive Independent Directors.

The AC has full access to the external auditors and meets them at least once a year without the presence of management.

During the year under review, the aggregate amount of fees paid to the external auditors for the audit and non-audit services amounted to S$156,000 and S$13,400 respectively.

The AC confirms that it has undertaken a review of all the non-audit services provided by the external auditors during the year and is satisfied that such services would not, in the AC's opinion, compromise the independence of the external auditors. Having satisfied the independence of the external auditors, the AC, with the concurrence of the Board, has recommended the re-appointment of Ernst & Young LLP at the upcoming Annual General Meeting.

Save for one foreign-incorporated subsidiary which is not significant, all the Company's subsidiaries are audited by Ernst & Young LLP. For this subsidiary, the Board and AC are satisfied that the appointment of a different auditor would not compromise the standard and effectiveness of the audit of the Company. The Group is in compliance with Rule 712 and Rule 716 in relation to its external auditors.

Nominating Committee

The Nominating Committee ("NC") comprises Francis Lee Choon Hui, Michael Grenville Gray and Edward Fu Shu Sheen, all of whom are non-executive independent directors. The Chairman of the NC is Francis Lee Choon Hui.

The NC has adopted, in its terms of reference, the criteria for determining the independence of a Director as set out in the Code, and will assess and review the independence of each Director at least once a year. Each independent director is required to complete a Director's Independence Confirmation Form annually to confirm his independence.

The NC considers an "independent director" as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independence business judgment.

The NC is primarily responsible for implementing a formal, transparent and objective procedure for appointing Board members and for assessing the effectiveness of the Board as a whole and contributions by each individual Director to the effectiveness of the Board.

The NC's principal functions are:

(i) To make recommendations to the Board on all Board appointments;

Corporate Governance

(ii) To be responsible for the re-nomination of Directors, having regard to the Director's contribution and performance

(e.g. attendance, preparedness, participation and candor) including, if applicable, as an Independent Director.

(iii) To determine, at least annually, whether or not a Director is independent;

(iv) To decide whether or not a Director is able to, and has been adequately carrying out his duties as a Director of the Company; and

(v) To assess the effectiveness of the Board as a whole, the contribution by each individual Director to the effectiveness of the Board, and to decide how the Board's performance may be evaluated.

All new appointments are subject to the recommendations of the NC based on the following criterias:-

(a) Integrity

b) Diversity – possess competencies that meet the Company's present needs

c) Ability to commit time and effort to carry out duties and responsibilities effectively

d) Independent mind

e) Experience

f) Financially literate

Pursuant to Article 91 of the Company's Articles of Association ("AA"), every Director shall retire from office once every three years, at each Annual General Meeting ("AGM"), and for this purpose, Michael Grenville Gray and Edward Fu Shu Sheen shall retire from office by rotation, at the upcoming AGM.

The NC having satisfied itself that the above individual directors, who are retiring pursuant to Article 91 of the Company's AA, are competent to continue, the NC has recommended to the Board for consideration, the re-appointment of the individual directors at the forthcoming AGM.

Remuneration Committee

The Remuneration Committee ("RC") comprises Edward Fu Shu Sheen, Michael Grenville Gray and Francis Lee Choon Hui, all of whom are non-executive independent directors. The Chairman of the RC is Edward Fu Shu Sheen.

The primary functions of the RC are to review and recommend the remuneration terms of individual Directors and key managers, and to implement and administer the JEL Employees' Share Option Scheme, which gives recognition to the contributions made by employees and Directors. As at the date of this report, there are no options on the unissued shares of the Company or its subsidiaries which are outstanding.

The principal functions of the RC are:

(i) To recommend to the Board a framework of remuneration (which covers all aspects of remuneration including independent directors' fees, salaries, allowances, bonuses, options and benefits in kind) for the Executive Directors and key managers of the Company;

(ii) To determine specific remuneration terms for each Executive Director, the CEO, and other key managers;

(iii) To consider and approve salary and bonus recommendations in respect of key managers;

(iv) To consider and recommend to the Board all aspects of remuneration for Directors, including but not limited to Directors' fees; and

(v) To administer the JEL Employees' Share Option Scheme adopted by the Group and decide on the allocations and grants of options to eligible participants under the Share Option Scheme.

The salary and other remuneration terms of the Executive Directors and key managers are bench-marked against the remuneration of its industry peers and comparable companies.

The remuneration packages of each of the Executive Directors comprise a fixed and a variable component. The variable component forms a significant proportion of the remuneration package and is dependent on the performance and profitability of the Company and individual performance. This ensures a close alignment of the interests of the executives with those of the shareholders.

Directors' fees are set in accordance with a framework comprising basic fees and additional fees for serving on Board committees. These fees are subject to approval by shareholders as a lump sum at the AGM.

The Company has entered into Service Agreements with Gilbert Ee Guan Hui, Chief Executive Officer (CEO) for a fixed period of three years with effect from 1 May 2007 and Ryo Kobayashi, Chief Operating Officer for a fixed period of three years with effect from 15 February 2008, and thereafter each renewable for fixed period of one year.

The Independent Directors have no service agreement contracts. They are appointed pursuant to, and hold office under and in accordance with, the Company's AA.

A breakdown showing the percentage mix of each individual Director's remuneration payable for financial year ended 31 December 2011 is as follows:

Variable or Performance-Related Income

Name of Director	Base Salary and Allowances	Bonus	Directors' Fee	Total
Remuneration Band S$250,000 to S$499,999				
Mr. Gilbert Ee Guan Hui (Chief Executive Officer)	82.4%	17.6%	0.0%	100.0%
Mr. Ryo Kobayashi (Chief Operating Officer)	82.2%	17.8%	0.0%	100.0%
Below S$250,000				
Mr. Lee Choon Hui, Francis (Non-Executive Chaiman / Independent Director)	0.0%	0.0%	100.0%	100.0%
Mr. Michael Grenvile Gray (Independent Director)	0.0%	0.0%	100.0%	100.0%
Mr. Edward Fu Shu Sheen (Independent Director)	0.0%	0.0%	100.0%	100.0%

The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five key managers (who are not Directors) of the Company in this Report due to the sensitive and confidential nature of such information.

No key manager during the financial year 2011 was an immediate family member (as defined in the Listing Manual of the SGX-ST) of any Director of the Company.

Corporate Governance

2. Access to Information

Management has an obligation to supply the Board with complete, adequate information in a timely manner. The Company makes available to all Directors its half-year and full-year management accounts and where required, other financial statements and other relevant information as necessary. Board papers are sent out to the Directors before the meetings to facilitate discussions during the meetings.

The Directors have separate and independent access to the senior management, including the Company Secretary of the Group, at all times. The appointment and the removal of the company secretary should be a matter for the Board as a whole.

The Directors, either individually or as a group, in the furtherance of their duties, can take independent professional advice, if necessary, at Company's expense.

3. Internal Controls

The external auditors, together with the internal auditor, conducted annual review of the effectiveness of the Group's key internal controls, including financial, operational and compliance controls and risk management. Any material non-compliance or lapses in internal controls and recommendation for improvement are reported to the AC. All required corrective, preventive or measures for improvement are closely monitored.

The effectiveness of the Group's system of internal controls put in place to address the key financial, operational and compliance risks affecting the operations are reviewed by the AC, together with the Board.

In compliance with Rule 1207(10), the Board with the concurrence of the AC is of the opinion that the Company has a robust and effective internal control system and the system is adequate to address the financial, operational and compliance risks, based on the reports from the internal auditor, external auditors and the various management control put in place.

The Board recognizes that the internal control system provides reasonable but not absolute assurance, to the integrity and reliability of the financial information and to safeguard the accountability of the assets.

4. Internal Audit

The internal audit function has been outsourced to a professional firm, RSM Ethos Pte Ltd. They will report functionally to the Chairman of the AC and administratively to the CEO. The scope of the internal audit reviews is:

(i) To determine that internal controls are in place and functioning as intended;

(ii) To provide assurance that key business and operational risks are identified and managed;

(iii) To assess whether operations of the business processes under review are conducted efficiently and effectively;

(iv) To identify opportunities for improvement of internal controls.

The AC and the Board are satisfied that the internal auditor has adequate resources and appropriate standing within the Group and the Company.

5. Communications with Shareholders and Shareholders' Participation

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

Information is communicated to shareholders on a timely basis through:

(i) – annual reports that are prepared and issued to all shareholders;

(ii) – a summary of the financial information and affairs of the Group for the half year and full year that are published through the SGXNET; and

(iii) – notices of and explanatory memoranda for annual general meetings and extraordinary general meetings.

In addition, shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and plans. The AGM is the principal forum for any dialogue the shareholders may have with the Directors and management of the Company.

The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of the AC, NC and RC are normally available at the meeting to answer those questions relating to the work of these committees.

6. Dealings in Securities

The Group has adopted a code of conduct which provides guidance to its officers with regard to dealings in the Company's securities, in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST.

Directors and key employees within the Group are not allowed to deal in the Company's securities while in possession of price-sensitive information and during a 30-day period prior to the announcement of half-year, or annual financial results. Directors and key employees within the Group are not allowed to share non-public material information about the Company with family members, friends, associates, or anyone else who subsequently buys or sells in the Company's securities.

In addition, Directors and key employees are advised not deal in the Company's securities for short term consideration and are expected to observe the insider trading law at all times even when dealing in securities within permitted trading periods.

7. Interested Person Transactions ("IPT")

The Group has established procedures for recording, reporting and reviewing and approving interested person transactions. For financial year ended 2011, there were no material IPT.

8. Material Contracts

Save for the service agreements between the Executive Directors and the Company and a Deed of Undertaking, on the Rights Issue, from the Chief Executive Officer to the Company, there were no material contracts of the Company or its subsidiaries involving the interest of the Chief Executive Officer or any Director or controlling shareholders subsisting at the end of the financial year ended 2011.

Corporate Governance

9. Use of Proceeds from Rights Issue

Pursuant to the Scheme of Arrangement that was approved by the High Court of the Republic of Singapore on 24 May 2011, all of the proceeds from the Rights Issue, amounting to S$5,300,000, had been applied towards the discharging of the debts owing to the Scheme Creditors on 17 February 2012.

10. Risk Management

The Company does not have a Risk Management Committee. The key financial risks of the Group include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of Directors reviews and approves policies and procedures for the management of these risks, which are executed by the Chief Executive Officer. The AC provides independent oversight to the effectiveness of the risk management process. The financial risk management objectives and policies are outlined in the financial statements.

Directors' Report

The directors present their report to the members together with the audited consolidated financial statements of JEL Corporation (Holdings) Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2011.

Directors

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

Francis Lee Choon Hui	-	Non-Executive Chairman and Independent Director
Gilbert Ee Guan Hui	-	Chief Executive Officer
Michael Grenville Gray	-	Independent Director
Edward Fu Shu Sheen	-	Independent Director
Ryo Kobayashi	-	Chief Operating Officer

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Direct interest		Deemed interest	
Name of director	At beginning of the year	At end of the year	At beginning of the year	At end of the year
The Company				
Ordinary shares				
Gilbert Ee Guan Hui	437,500	437,500	–	–

There was no change in the above mentioned interests between the end of the financial year and 21 January 2012.

Except as disclosed in this report, no other directors who held office at the end of the financial year had an interest in shares or debentures of the Company, or of related corporations at the beginning or end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' Report

Options

On 11 July 2003, the shareholders approved a share option scheme, known as the JEL share option scheme (the "ESOS"). The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS will be administrated by the Remuneration Committee.

As at 31 December 2011, no options have been granted under the ESOS.

Audit committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the half yearly results announcement and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors,

Gilbert Ee Guan Hui
Director

Ryo Kobayashi
Director

Singapore
29 March 2012

Statement by Directors

We, Gilbert Ee Guan Hui and Ryo Kobayashi, being two of the directors of JEL Corporation (Holdings) Ltd., do hereby state that, in the opinion of the directors,

(i) the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results of the business, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date, and

(ii) 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,

Gilbert Ee Guan Hui
Director

Ryo Kobayashi
Director

Singapore
29 March 2012

Independent Auditors' Report

For the Financial Year ended 31 December 2011
to the Members of JEL Corporation (Holdings) Ltd.

Report on the financial statements

We have audited the accompanying financial statements of JEL Corporation (Holdings) Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 28 to 79, which comprise the statements of financial position of the Group and the Company as at 31 December 2011, and the statements of comprehensive income, statements of changes in equity of the Group and the Company and consolidated statement of cash flows of the Group for the 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 profit and loss accounts and balance sheets 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, statement of comprehensive income 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 2011. The results and changes in equity of the Group and of the Company, and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
29 March 2012

Statement of Comprehensive Income

For the Financial Year ended 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Revenue	4	123,290	89,426	2,720	3,089
Cost of sales		(115,247)	(84,132)	–	–
Gross profit		8,043	5,294	2,720	3,089
Other operating income	5	2,080	12,174	1,366	3,568
Distribution and selling income/(expenses), net		87	12	(37)	(34)
Administrative expenses		(7,967)	(9,008)	(4,080)	(4,488)
Other expenses		(603)	(2,399)	(441)	(825)
Profit/(loss) from operations	6	1,640	6,073	(472)	1,310
Finance expenses	7	(2,033)	(4,692)	–	–
Finance income	7	–	2	–	–
Share of loss of associated companies		–	(12)	–	–
(Loss)/profit before tax		(393)	1,371	(472)	1,310
Taxation	9	15	–	–	–
(Loss)/profit for the year attributable to owners of the Company		(378)	1,371	(472)	1,310
Other comprehensive expense:					
Asset revaluation deficit		–	(1,074)	–	–
Foreign currency translation		(29)	(115)	–	–
Total comprehensive income for the year		(407)	182	(472)	1,310
Total comprehensive income attributable to owners of the Company		(407)	182	(472)	1,310
(Loss)/earnings per share (cents per share)					
Basic	10	(0.10)	0.35		
Diluted	10	(0.10)	0.35		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	4,570	463	–	–
Subsidiaries	12	–	–	168	168
Associates	13	29	30	–	–
Trademarks	14	–	1	–	–
Deferred tax assets	15	182	181	–	–
		4,781	675	168	168
Current assets					
Property, plant and equipment	11	–	4,501	–	–
Financial asset at fair value through profit or loss	16	371	849	371	849
Inventories	17	7,627	8,002	–	–
Trade receivables	18	3,445	3,793	–	–
Other receivables	19	1,900	1,643	428	476
Other current assets	20	1,529	3,924	144	84
Due from subsidiaries (trade)	21	–	–	12,629	10,804
Fixed deposits (pledged)	22	314	304	–	–
Cash and cash equivalents	22	3,064	1,361	6	29
		18,250	24,377	13,578	12,242
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	23	46	1,465	–	–
Other payables and accruals	24	3,829	4,358	922	1,132
Due to subsidiaries (non-trade)	21	–	–	17,478	15,460
Provision for taxation		189	163	–	–
Loans and borrowings	25	13,131	12,799	–	–
Finance lease obligations	26	23	25	–	–
		17,218	18,810	18,400	16,592
Net current assets/(liabilities)		1,032	5,567	(4,822)	(4,350)
Non-current liability					
Finance lease obligations	26	(76)	(98)	–	–
Net assets/(liabilities)		5,737	6,144	(4,654)	(4,182)
Equity attributable to owners of the Company					
Share capital	27	26,629	26,629	26,629	26,629
Accumulated losses		(23,483)	(23,105)	(31,283)	(30,811)
Other reserves	28	2,591	2,620	–	–
Total equity		5,737	6,144	(4,654)	(4,182)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year ended 31 December 2011

	Attributable to owners of the Company						
	Share capital (Note 27)	Accumulated losses	Capital reserve (Note 28)	Asset revaluation reserve (Note 28)	Translation reserve (Note 28)	Other reserves, total	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
At 1 January 2010	26,629	(24,476)	779	4,668	(1,638)	3,809	5,962
Profit for the year	–	1,371	–	–	–	–	1,371
Other comprehensive income							
Foreign currency translation	–	–	–	–	(115)	(115)	(115)
Asset revaluation deficit	–	–	–	(1,074)	–	–	(1,074)
Other comprehensive income for the year, net of tax	–	–	–	(1,074)	(115)	(1,189)	(1,189)
Total comprehensive income for the year	–	1,371	–	(1,074)	(115)	(1,189)	182
At 31 December 2010	26,629	(23,105)	779	3,594	(1,753)	2,620	6,144
Loss for the year	–	(378)	–	–	–	–	(378)
Other comprehensive income							
Foreign currency translation	–	–	–	–	(29)	(29)	(29)
Other comprehensive income for the year, net of tax	–	–	–	–	(29)	(29)	(29)
Total comprehensive income for the year	–	(378)	–	–	(29)	(29)	(407)
At 31 December 2011	26,629	(23,483)	779	3,594	(1,782)	2,591	5,737

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year ended 31 December 2011

	Share capital (Note 27)	Accumulated losses	Total
	$'000	$'000	$'000
Company			
At 1 January 2010	26,629	(32,121)	(5,492)
Profit for the year, representing total comprehensive income for the year	–	1,310	1,310
At 31 December 2010	26,629	(30,811)	(4,182)
Loss for the year, representing total comprehensive income for the year	–	(472)	(472)
At 31 December 2011	26,629	(31,283)	(4,654)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the Financial Year ended 31 December 2011

	Note	2011	2010
		$'000	$'000
Cash flows from operating activities			
(Loss)/profit before tax		(393)	1,371
Adjustments:			
Amortisation of trademarks	14	1	1
Depreciation of property, plant and equipment	11	418	712
Allowance for doubtful trade receivables	18	96	28
Allowance for inventory obsolescence	17	43	1,600
Write-back of allowance for doubtful trade receivables	18	–	(89)
Net fair value loss on quoted investments		445	52
Gain on disposal of quoted investments		(3)	(8)
Gain on derecognition of financial liabilities	25	(468)	–
Fair value gain on derivative financial instrument		–	(11,095)
Gain on disposal of property, plant and equipment	6	(22)	(18)
Share of loss of associated companies	13	–	12
Finance expenses	7	2,033	4,692
Finance income	7	–	(2)
Operating cash flows before changes in working capital		2,150	(2,744)
Decrease/(increase) in current assets:			
Inventories		333	4,119
Trade receivables		252	1,825
Other receivables, deposits and prepayments		2,138	(2,569)
(Decrease)/increase in current liabilities:			
Trade payables		(1,419)	(505)
Other payables and accruals		(526)	1,706
Cash generated from operations		2,928	1,832
Tax refund		39	36
Finance expenses paid		(4)	(1,227)
Exchange differences		(650)	(1,766)
Net cash generated from/(used in) operating activities		2,313	(1,125)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(44)	(244)
Finance income received		–	2
Proceeds from disposal of property, plant and equipment		48	68
Proceeds from disposal of quoted investments		35	365
Net cash generated from investing activities		39	191

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the Financial Year ended 31 December 2011

	Note	2011	2010
		$'000	$'000
Cash flows from financing activities			
Decrease in pledged deposits		27	25
Repayment of finance lease obligations		(25)	(68)
Proceeds from finance lease obligations		–	150
Repayment of loans and borrowings		(651)	(500)
Net cash used in financing activities		(649)	(393)
Net increase/(decrease) in cash and cash equivalents		1,703	(1,327)
Cash and cash equivalents at beginning of the year	22	1,361	2,688
Cash and cash equivalents at end of the year	22	3,064	1,361

Note to the Consolidated Statement of Cash Flows

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and fixed deposits which have not been pledged. Fixed deposits pledged to banks in accordance with government regulatory requirements as disclosed in Note 22 are excluded from cash and cash equivalents.

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following statement of financial position amounts:

	Note	2011	2010
		$'000	$'000
Fixed deposits		314	341
Cash and bank balances		3,064	1,324
		3,378	1,665
Less: Fixed deposits pledged	22	(314)	(304)
Cash and cash equivalents		3,064	1,361

Cash and bank balances have an effective interest rate of 0.01% (2010: 0.14%) during the financial year ended 31 December 2011.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to Financial Statements

31 December 2011

1. Corporate information

The Company is a limited liability company which is domiciled and incorporated in the Republic of Singapore with its registered office and business office located at JEL Centre, 11 Changi North Way, Singapore 498796. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries and associates are disclosed in Notes 12 and 13 to the financial statements.

2. Going concern

On 24 July 2009, JEL Corporation (Holdings) Ltd. (the "Company") and its subsidiary, JEL Corporation (Far East) Pte Ltd ("JCFE") entered into a Debt Restructuring Agreement ("DRA") with its Lenders to restructure all bills payable into a Convertible Restructured Term Loan ("RTL") and a Convertible Revolving Credit Facility ("RCF"). The DRA was due for renewal in the prior year on 24 September 2010 and was not renewed.

The Company had, on 24 September 2010, filed an application to the Singapore High Court to propose a Scheme of Arrangement ("Scheme") between JCFE and its Lenders to restructure its liabilities, which included a discharge of a certain amount of the Group's debts. On 25 April 2011, the Company met with the Scheme Lenders, where the Lenders unanimously approved the Scheme. On 24 May 2011, the Singapore High Court sanctioned and approved the Scheme under Section 210(3) of the Companies Act.

As at 31 December 2011 and 2010, the Group's loans and borrowings are as follows:

	2011	2010
Carried at amortised cost	$13,131,000	$12,799,000
Contractual amounts	$25,253,000	$25,800,000

The Scheme provided for several scenarios of repayments to the Scheme Lenders amongst which was a provision for a final repayment of $8.0 million by March 2012 and a discharge of all remaining outstanding debts to the Scheme Lenders.

As of February 2012, the Company proceeded with a Rights Issue and raised an amount of $5.3 million. Together with $2.7 million from the Group's cash flow, the Group repaid the Scheme Lenders the amount of $8.0 million, and consequently the Scheme Lenders discharged all remaining contractual debts amounting to approximately $17.3 million owing by the Group.

These financial statements have been prepared on a going concern basis. The directors of the Company have, in arriving at their views that the going concern basis used for the preparation of these financial statements is appropriate, considered the Group's ability to generate sufficient positive cash flows from its operations following the repayment of the outstanding debts and the discharge of all remaining debts owing from the Group by the Lenders.

3. Summary of significant accounting policies

3.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($ or SGD) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

3.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

3.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 107 *Disclosures – Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2013
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2013
FRS 110 *Consolidated Financial Statements*	1 January 2013
FRS 111 *Joint Arrangements*	1 January 2013
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 113 *Fair Value Measurements*	1 January 2013

Except for the Amendments to FRS 1 and FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1 and FRS 112 are described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

Notes to Financial Statements

31 December 2011

3. Summary of significant accounting policies (cont'd)

3.3 ***Standards issued but not yet effective (cont'd)***

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2013.

3.4 ***Significant accounting estimates and judgements***

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Impairment of loans and receivables

The Group makes allowance for impairment of receivables based on an assessment of the recoverability of trade and other receivables. Allowance is applied to trade and other receivables where events or change in circumstances indicate that the balances may not be recoverable. Management specifically analyses historical bad debt, customer credit worthiness, current economic, trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance of impairment for receivables. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. The carrying amount of the Group's loans and receivables at the end of each reporting period is disclosed in Notes 18 and 19 to the financial statements.

3. Summary of significant accounting policies (cont'd)

3.4 ***Significant accounting estimates and judgements (cont'd)***

Key sources of estimation uncertainty (cont'd)

(iii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax assets at 31 December 2011 was $189,000 and $182,000 (2010: $163,000 and $181,000) respectively.

(iv) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 12 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the end of each reporting period is disclosed in Note 11 to the financial statements.

3.5 ***Foreign currency***

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Notes to Financial Statements

31 December 2011

3. Summary of significant accounting policies (cont'd)

3.5 ***Foreign currency (cont'd)***

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3.6 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

<u>Basis of consolidation from 1 January 2010</u>

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3. Summary of significant accounting policies (cont'd)

3.6 ***Basis of consolidation and business combinations (cont'd)***

(a) *Basis of consolidation (cont'd)*

Basis of consolidation prior to 1 January 2010 (cont'd)

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(b) *Business combinations*

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Notes to Financial Statements

31 December 2011

3. Summary of significant accounting policies (cont'd)

3.6 ***Basis of consolidation and business combinations (cont'd)***

(b) *Business combinations (cont'd)*

Business combinations prior to 1 January 2010 (con'td)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 3.10(b). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

3.7 ***Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

3.8 ***Associates***

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

3. Summary of significant accounting policies (cont'd)

3.8 *Associates (cont'd)*

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in statement of comprehensive income.

3.9 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Leasehold office buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold office buildings at the end of the reporting period.

Any revaluation surplus is recognised directly in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to the statement of changes in equity on retirement or disposal of the asset.

Notes to Financial Statements

31 December 2011

3. Summary of significant accounting policies (cont'd)

3.9 ***Property, plant and equipment (cont'd)***

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold office building	12 years over lease term
Furniture, equipment and fittings	5 years
Motor vehicles	5 years
Machinery	5 years
Computers	5 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

3.10 ***Intangible assets***

(a) *Trademarks*

Cost relating to trademarks, which are acquired, are stated at cost less accumulated amortisation and impairment loss, if any. Trademarks are amortised through profit or loss on a straight line basis over 5 years. They are assessed for impairment whenever there is indication that the trademarks may be impaired.

The amortisation period and the amortisation method for trademarks are reviewed at least at each financial year-end. The amortisation expense on trademarks is recognised in profit or loss through the 'administrative expenses' line item.

(b) *Goodwill*

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

3. Summary of significant accounting policies (cont'd)

3.10 ***Intangible assets (cont'd)***

(b) *Goodwill (cont'd)*

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.5.

3.11 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Notes to Financial Statements

31 December 2011

3. Summary of significant accounting policies (cont'd)

3.11 ***Impairment of non-financial assets (cont'd)***

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.12 ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- cash and cash equivalents; and
- trade receivables, other receivables, including amount due from subsidiaries and related companies.

3. Summary of significant accounting policies (cont'd)

3.12 Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

3.13 ***Cash and cash equivalents***

Cash and cash equivalents comprise unpledged bank deposits and cash and bank balances. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank deposits and cash and bank balances carried in the statement of financial position are classified and accounted for as loans and receivables. The accounting policies for this category of financial assets are stated in Note 3.12.

3.14 ***Impairment of financial assets***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to Financial Statements

31 December 2011

3. Summary of significant accounting policies (cont'd)

3.14 ***Impairment of financial assets (cont'd)***

(a) *Financial assets carried at amortised cost (cont'd)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3.15 ***Inventories***

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost includes costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

3.16 ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value plus in the case of other financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. Summary of significant accounting policies (cont'd)

3.17 ***Loans and borrowings***

Loans and borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Loans and borrowings are initially recognised at the fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of comprehensive income over the period of the borrowings using the effective interest method.

3.18 ***Borrowing costs***

Borrowing costs are capitalised as part of a qualifying asset if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.19 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.20 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related services is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

Notes to Financial Statements

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3. Summary of significant accounting policies (cont'd)

3.21 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.22 (d).

3.22 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recorded at the fair value of consideration received or receivable.

(a) *Sale of goods*

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(c) *Interest income*

Interest income is recognised using the effective interest method.

3. Summary of significant accounting policies (cont'd)

3.22 ***Revenue recognition (cont'd)***

(d) *Rental income*

Rental income arising on investment property is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

3.23 ***Taxes***

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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3. Summary of significant accounting policies (cont'd)

3.23 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.24 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.25 ***Share capital and share issue expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. Summary of significant accounting policies (cont'd)

3.26 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3.27 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies :

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a); and

(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).

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4. Revenue

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Sale of goods	123,290	89,426	–	–
Management fee from subsidiaries	–	–	2,720	3,089
	123,290	89,426	2,720	3,089

5. Other operating income

		Group		Company	
	Note	2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Consultancy income		–	34	–	–
Rental income		784	873	1,184	1,094
Fair value gain on derivative financial instrument #		–	11,095	–	2,395
Gain on derecognition of financial liabilities	25	468	–	–	–
Waiver of interest expense on loans and borrowings		428	–	–	–
Other miscellaneous income		400	172	182	79
		2,080	12,174	1,366	3,568

This relates to changes in the fair value of the embedded equity conversion option of the original DRA in the prior year. In the prior year when the DRA lapsed, the Lenders no longer had the right to convert the loans to original shares of the Company, and hence the fair value of the derivative was adjusted to the statement of comprehensive income.

6. Profit/(loss) from operations

This is determined after charging/(crediting) the following:

		Group		Company	
	Note	2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Audit fees:					
- Auditors of the Company					
- Current year		153	169	56	66
- Under/(over) accruals in prior year		5	37	(2)	27
- Other auditors					
- Current year		8	41	–	–
Non-audit fees:					
- Auditors of the Company					
- Current year		18	18	6	6
- (Over)/under accruals in prior year		(1)	17	–	3
Amortisation and depreciation		419	713	–	–
Directors' fees		200	275	200	275
Directors' remuneration		733	722	733	722
Gain on disposal of property, plant and equipment		(22)	(18)	–	–
Net foreign exchange (gain)/loss		(645)	(637)	(52)	564
Personnel expenses*	8	4,360	4,538	2,150	1,921
Allowance for/(write back of allowance) on financial assets:					
- Trade receivables		96	(61)	–	–
- Due from subsidiaries		–	–	(1)	4
Net fair value loss on quoted investments @		445	52	445	52
Gain on disposal of quoted investments		(3)	(8)	(3)	(8)
Allowance for inventory obsolescence		43	1,600	–	–
Legal, accounting and other professional fees arising from the debt restructuring exercise		–	777	–	777

* This includes directors' remuneration

@ This loss arises from the revaluation of the Group's quoted investment in China Powerplus Limited ("Powerplus") as of 31 December 2011 and is non-cash in nature.

Notes to Financial Statements

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7. (Finance expenses)/finance income

	Group	
	2011	2010
	$'000	$'000
Finance expenses		
- finance lease obligations	(4)	(7)
- loans and borrowings	–	(1,220)
- amortisation charge on financial liabilities *	(2,029)	(3,465)
	(2,033)	(4,692)
Finance income		
- fixed deposits	–	1
- others	–	1
	–	2

* This relates to the amortisation of the loans and borrowings, which are carried at amortised cost using the effective interest method which is distinct from normal operations.

8. Personnel expenses

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Personnel expenses (including directors' remuneration):				
Wages, salaries and bonuses	3,123	3,778	1,465	1,543
Defined contribution plans	177	222	86	99
Other personnel expenses	1,060	538	599	279
	4,360	4,538	2,150	1,921

9. Taxation

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Current income tax				
- current year	24	–	–	–
- over provision in respect of prior years	(39)	–	–	–
	(15)	–	–	–

9. Taxation (cont'd)

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 is as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
(Loss)/profit before taxation	(393)	1,371	(472)	1,310
Tax at the domestic rates applicable to profits in the countries where the Group operates [1]	11	340	(80)	223
Adjustments:				
Non-deductible expenses	532	1,026	85	229
Income not subject to tax	(344)	(2,070)	–	(407)
Tax relief on loss transferred from subsidiary	–	–	–	(114)
Benefits from previously unrecognised tax losses	(267)	–	(5)	
Deferred tax assets not recognised	92	642	–	–
Over provision in respect of prior years	(39)	–	–	–
Others	–	62	–	69
Income tax credit recognised in profit or loss	(15)	–	–	–

1 The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Group tax relief

A loss-transfer system of group relief (group relief system) for companies was introduced in Singapore with effect from year of assessment 2003. Under the group relief system, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (loss items) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

The Company's subsidiary intends to transfer unabsorbed trade losses of $Nil (2010: $668,000) to the Company under the group relief system, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.

10. (Loss)/earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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10. (Loss)/earnings per share (cont'd)

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2011	**2010**
	$'000	**$'000**
Profit net of tax attributable to owners of the Company used in the computation of diluted earnings per share	(378)	1,371
	No. of shares	**No. of shares**
	000	**000**
Weighted average number of ordinary shares for basic(loss)/ earnings per share computation	395,180	395,180

11. Property, plant and equipment

	Valuation	At cost				
	Leasehold office building	Furniture, equipment and fittings	Motor vehicles	Machinery	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation						
At 1 January 2010	7,884	1,599	1,019	153	265	10,920
Additions	–	38	195	–	11	244
Disposals	–	(37)	(234)	–	(21)	(292)
Revaluation deficit	(1,164)	–	–	–	–	(1,164)
Translation difference	(589)	(159)	(45)	(44)	(25)	(862)
At 31 December 2010	6,131	1,441	935	109	230	8,846
Additions	–	25	3	–	16	44
Disposals	–	(52)	(134)	–	(25)	(211)
Translation difference	22	3	3	–	–	28
At 31 December 2011	6,153	1,417	807	109	221	8,707
Accumulated depreciation and impairment losses						
At 1 January 2010	1,310	1,384	756	116	148	3,714
Charge for the year	441	85	142	1	43	712
Disposals	–	(65)	(156)	–	(21)	(242)
Translation difference	(121)	(105)	(56)	(8)	(12)	(302)
At 31 December 2010	1,630	1,299	686	109	158	3,882
Charge for the year	269	55	58	–	36	418
Disposals	–	(40)	(126)	–	(19)	(185)
Translation difference	16	5	–	–	1	22
As at 31 December 2011	1,915	1,319	618	109	176	4,137
Net carrying amount						
As at 31 December 2011	4,238	98	189	–	45	4,570
As at 31 December 2010	4,501	142	249	–	72	4,964

Notes to Financial Statements

31 December 2011

11. Property, plant and equipment (cont'd)

Revaluation of leasehold office building

The leasehold office building has been revalued at AED12.5 million (2010: AED12.5million) (2011: S$4.42 million, 2010: S$4.5 million equivalent) by an independent firm of professional valuers, Cluttons LLC (2010: Cluttons LLC) on 31 December 2011 on the open market basis.

If the leasehold office building were measured using the cost model, the carrying amounts would be as follows:

	Group	
	2011	**2010**
	$'000	**$'000**
Cost	3,551	3,551
Accumulated depreciation	(1,155)	(950)
Translation difference	(531)	(542)
Net carrying value	1,865	2,059

In the prior year, the Group classified the carrying amount of the leasehold office building as a current asset as the shareholders had approved the sale of the leasehold office building since December 2009.

As at 1 January 2011, the Group reclassified the leasehold office building as a non-current asset as the directors was determined that the completion of the sale of the leasehold office building within the next one year was not highly probable.

Assets held under finance leases

The net book value of motor vehicles of the Group acquired under finance leases amounted to approximately $125,000 (2010: $167,000) as at 31 December 2011.

Leased assets are pledged as security for the related finance lease liabilities.

12. Subsidiaries

	Company	
	2011	**2010**
	$'000	**$'000**
(a) Unquoted equity shares, at cost		
At beginning of the year	6,933	15,633
Reversal of capital injection following non-renewal of Debt Restructuring Agreement	–	(8,700)
	6,933	6,933
Impairment loss	(6,765)	(6,765)
At end of the year	168	168

12. Subsidiaries (cont'd)

(b) Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Equity held by the Group 2011 %	Equity held by the Group 2010 %
*	JEL Corporation (Far East) Pte Ltd	Trading and distribution of fast moving consumer goods, consumer electronic, IT, photographic, timepiece and telecommunication products	Singapore	100	100
*	JEL Corporation (Middle East) Pte Ltd	Trading and distribution of fast moving consumer goods, consumer electronic, IT, photographic and telecommunication products	British Virgin Islands	100	100
*	JEL Franchise (Holdings) Pte. Ltd.	Investment and intellectual property holding	Singapore	100	100
**	JEL Corporation (Africa) Pte Ltd	Trading and distribution of fast moving consumer goods, consumer electronic, IT, photographic and telecommunication products	British Virgin Islands	100	100
	Held by subsidiaries				
**	JEL Distribution (Cambodia) Pte Ltd	Trading and distribution of fast moving consumer goods, consumer electronic, IT, photographic and telecommunication products	Cambodia	100	100
**	JEL Distribution (Kazakhstan) LLP	Trading and distribution of fast moving consumer goods, consumer electronic, IT, photographic and telecommunication products	Kazakhstan	100	100
***	JEL Trading Bangladesh Ltd	Distribution of IT products	Bangladesh	100	100
**	JEL Marketing Asia Pte Ltd	Investment holding	British Virgin Islands	100	100
**	JEL Marketing Central Asia Pte Ltd	Investment holding	British Virgin Islands	100	100

* Audited by Ernst & Young LLP, Singapore.

** Exempt from preparing audited financial statements by the laws of country of incorporation

*** Audited by Ahmed Mashuque & Co., Certified Public Accountants, Bangladesh.

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13. Associates

	Group 2011 $'000	Group 2010 $'000
Unquoted shares, at cost	91	91
Share of post-acquisition reserves	(62)	(61)
	29	30

Name of associate	Country of incorporation	Principal activities	Equity held by the Group 2011 %	Equity held by the Group 2010 %
JEL Marketing Vietnam JVC Ltd	Vietnam	Distribution of photographic and IT products	49	49
Netstream Electronics	Dubai	Distribution of photographic and IT products	49	49

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows:

	Group 2011 $'000	Group 2010 $'000
Assets and liabilities:		
Total assets	216	185
Total liabilities	(187)	(152)
Results:		
Revenue	1,868	765
Loss for the year	(3)	(38)

14. Trademarks

	Group $'000	Company $'000
Cost		
As at 1 January 2010, 31 December 2010 and 31 December 2011	59	10
Accumulated amortisation		
As at 1 January 2010	57	10
Amortisation for the year	1	–
As at 31 December 2010 and 1 January 2011	58	10
Amortisation for the year	1	–
As at 31 December 2011	59	10
Net carrying value		
As at 31 December 2011	–	–
As at 31 December 2010	1	–

15. Deferred tax assets

	Group	
	2011 $'000	2010 $'000
At 1 January	181	196
Translation difference	1	(15)
At 31 December	182	181
Deferred tax liabilities		
- excess of net book value over tax written down value of property, plant and equipment	–	(75)
Deferred tax assets		
- allowance for doubtful trade receivables	3	217
- allowance for inventory obsolescence	59	39
- excess of tax written down value over net book value of property, plant and equipment	30	–
- unabsorbed tax losses	90	–
	182	181

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31 December 2011

15. Deferred taxation (cont'd)

Unrecognised tax losses

At 31 December 2011, the Group has unrecognised tax losses of approximately $31,932,000 (2010: $33,499,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets have been recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

As at the end of the reporting period, no deferred tax liability (2010: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries of the Group as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

16. Financial asset at fair value through profit or loss

	Group and Company	
	2011	2010
	$'000	$'000
Quoted equity investment, at fair value	371	849

17. Inventories

	Group	
	2011	2010
	$'000	$'000
Finished goods	7,627	8,002
Finished goods at net realisable value is stated after deducting allowance for inventory obsolescence of	817	1,561
Movements in allowance for inventory obsolescence during the year were as follows:		
At beginning of the year	1,561	475
Charged during the year	43	1,600
Write-off against allowance	(766)	(417)
Translation difference	(21)	(97)
At end of the year	817	1,561

18. Trade receivables

	Group 2011 $'000	Group 2010 $'000
Trade receivables	3,794	6,669
Less: allowance for doubtful receivables	(349)	(2,876)
	3,445	3,793

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. For the financial year ended 31 December 2011, included in trade receivables were receivables from related parties of $Nil (2010: $737,000).

Receivables that are past due but not impaired

The Group has trade receivables amounting to $233,000 (2010: $783,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2011	2010
Trade receivables past due:		
Less than 6 months	187	564
6 to 18 months	46	219
	233	783

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	2011	2010
Trade receivables – nominal amounts	349	2,968
Less: Allowance for doubtful receivables	(349)	(2,876)
	–	92
Movement in allowance for doubtful receivables:		
At 1 January	2,876	4,587
Charged during the year	96	28
Write-off against allowance	(2,540)	(1,381)
Write-back of allowance	–	(89)
Exchange differences	(83)	(269)
At 31 December	349	2,876

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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18. Trade receivables (cont'd)

Trade receivables are denominated in the following currencies:

	Group 2011 $'000	Group 2010 $'000
United States Dollars	3,422	3,784
Singapore Dollars	23	9
	3,445	3,793

19. Other receivables

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Other receivables	1,301	1,121	7	83
Deposits	599	522	421	393
	1,900	1,643	428	476

20. Other current assets

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Advances to suppliers	1,181	3,577	–	–
Prepayment	348	347	144	84
	1,529	3,924	144	84

21. Due from/(to) subsidiaries

	Company 2011 $'000	Company 2010 $'000
Amounts due from subsidiaries	23,062	21,237
Less: Allowance for doubtful receivables	(10,433)	(10,433)
	12,629	10,804
Amounts due to subsidiaries (non trade)	17,478	15,460

The amounts due from/(to) subsidiaries are unsecured, interest-free and are repayable on demand.

22. Cash and cash equivalents

As at 31 December 2011, cash and cash equivalents includes bank deposits of a subsidiary amounting to approximately $314,000 (2010: $304,000) which are pledged to banks for security against non-payment of custom duties and staff salaries of the subsidiary.

Fixed deposits earn interest at 2% (2010: 2%) per annum and are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
United States Dollars	2,651	1,068	1	24
Singapore Dollars	171	93	5	5
UAE Dirhams	428	474	–	–
Others	128	30	–	–
	3,378	1,665	6	29

23. Trade payables

Trade payables are non-interest bearing and normally settled on 60 to 90 days terms.

Trade payables are denominated in the following currencies:

	Group	
	2011	2010
	$'000	$'000
United States Dollars	15	1,417
Singapore Dollars	31	35
Japanese Yen	–	12
Others	–	1
	46	1,465

24. Other payables and accruals

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Other payables	442	430	236	212
Accrued operating expenses	1,895	2,249	686	920
Advances from customers	1,492	1,679	–	–
	3,829	4,358	922	1,132

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25. Loans and borrowings

On 24 July 2009, the Company and its subsidiary, JCFE entered into a Debt Restructuring Agreement ("DRA") with its Lenders to restructure all bills payable into a Convertible Restructured Term Loan ("RTL") and a Convertible Revolving Credit Facility ("RCF"). The DRA was subject to annual renewal and was not renewed. Under the terms of the DRA, the debt is immediately due and repayable to the Lenders. Consequently the total loans and borrowings outstanding as at 31 December 2010 had been presented as current liabilities on the statement of financial position.

Following the sanction of the Scheme on 24 May 2011 as described in Note 2, the contractual terms of the loans and borrowings have been substantially modified from the original DRA. Such a modification has resulted in a derecognition of the original loans and borrowings and the recognition of new loans and borrowings ("New Loan"). The difference in the respective carrying amounts of the original and new loans and borrowings amount to a net gain on derecognition of $468,000 which has been recorded in the statement of comprehensive income.

	Group	
	2011	2010
	$'000	$'000
Original loans and borrowings carried at amortised cost	(13,523)	–
Fair value of New Loan at inception	13,131	–
Net gain on derecognition on financial liabilities	(468)	–

The New Loan has been fair valued as at the date of inception (i.e. 24 May 2011) using a valuation technique based on assumptions of certain discount rate and volatility that are not supported by market price and data. Subsequent to recognition at fair value upon inception, the New Loan is carried at amortised cost using the effective interest method.

Interest on the RTL and RCF in the prior year were charged at 2% per annum above the respective lender's cost of fund accordingly.

The amortised cost balance of the loans and borrowings as at 31 December is as follows:

	Group	
	New loan	RTL and RCF
	2011	2010
	$'000	$'000
Current		
Loans and borrowings	13,131	12,799

Loans and borrowings denominated in foreign currencies at 31 December are as follows:

	2011	2010
	$'000	$'000
United States Dollars	128	12,473
Japanese Yen	–	326
	128	12,799

The loans and borrowings are secured by a fixed and floating charge over the assets of the Group.

26. Finance lease obligations

The Group has finance leases for certain motor vehicles (Note 11). The lease periods range from 1 to 5 years with options to purchase at the end of the lease term. The average discount rate implicit in the leases is approximately 2.28% (2010: 2.28%) per annum. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	Total minimum lease payments 2011	Present value of payments 2011	Total minimum lease payments 2010	Present value of payments 2010
	$'000	$'000	$'000	$'000
Not later than one year	26	23	29	25
Later than one year but not later than five years	86	76	111	98
Total minimum lease payments	112	99	140	123
Less: Amounts representing finance charges	(13)	–	(17)	–
Present value of minimum lease payments	99	99	123	123

The finance lease obligation is denominated in Singapore Dollars.

27. Share capital

	Group and Company			
	2011		2010	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid :				
As at 1 January and 31 December	395,179,985	26,629	395,179,985	26,629

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

28. Other reserves

(a) *Capital reserve*

The capital reserve arose from acquisition of subsidiaries in prior years.

(b) *Asset revaluation reserve*

The asset revaluation reserve represents increases in the fair value of leasehold office building, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Notes to Financial Statements

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28. Other reserves (cont'd)

(c) *Translation reserve*

The translation reserve represents exchange differences arising from translation on the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

29. Commitments and contingencies

(a) *Non-cancellable operating lease commitments – As lessor*

The Group has entered into commercial property sub-leases on its leased property. These non-cancellable leases have remaining non-cancellable lease terms of between 1 to 3 years.

Future minimum lease receivables under non-cancellable leases as of 31 December are as follows:

	Group	
	2011	2010
	$'000	$'000
Not later than one year	1,061	718
Later than one year but not later than five years	953	142
	2,014	860

(b) *Non-cancellable operating lease commitments – As lessee*

The Group has various operating lease agreements in respect of offices, warehouse and staff accommodation. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 15 years. Most leases contain renewable options. Lease terms do not contain restrictions on the Company's activities concerning dividends, additional debt or further leasing. Minimum lease payments recognised as an expense in statement of comprehensive income for the financial year ended 31 December 2011 amounted to $1,515,000 (2010: $1,590,000).

Future minimum lease payments under non-cancellable leases as of 31 December are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Not later than one year	1,643	1,397	1,122	943
Later than one year but not later than five years	3,405	3,925	3,226	3,653
Later than five years	83	120	–	–
	5,131	5,442	4,348	4,596

30. Related party disclosures

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties that took place on terms agreed between the parties during the financial year:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Rental income from subsidiaries	–	–	408	408

(b) *Compensation of key management personnel*

	Group	
	2011	2010
	$'000	$'000
Short-term employee benefits	1,505	1,308
Central Provident Fund contributions and other long-term benefits	47	55
Total compensation paid to key management personnel	1,552	1,363
Comprise amounts paid to:		
- Directors of the Company	733	722
- Other key management personnel	819	641
	1,552	1,363

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

Notes to Financial Statements

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31. Fair value of financial instruments

(a) ***Fair value of financial instruments that are carried at fair value***

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group	Note	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		$'000	$'000	$'000	$'000
2011					
Financial assets:					
Financial assets at fair value through profit or loss					
- Equity instruments (quoted)	16	371	–	–	371
At 31 December 2011		371	–	–	371
2010					
Financial assets:					
Financial assets at fair value through profit or loss					
- Equity instruments (quoted)	16	849	–	–	849
At 31 December 2010		849	–	–	849

Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value

Quoted equity instruments (Note 16)

Fair value is determined directly by reference to their published market bid price at the balance sheet date.

31. Fair value of financial instruments (cont'd)

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Current trade and other receivables and payables (including amounts due to/from subsidiaries), cash and cash equivalents and loans and borrowings

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature.

Finance lease obligations

The carrying amounts of these financial liabilities are reasonable approximation of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

(c) ***Classification of financial instruments***

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Financial assets at fair value through profit or loss	371	849	371	849
Loans and receivables				
Trade receivables	3,445	3,793	–	–
Other receivables	1,900	1,643	428	476
Due from subsidiaries	–	–	12,629	10,804
Cash and cash equivalents	3,378	1,665	6	29
	8,723	7,101	13,063	11,309
Total financial assets	9,094	7,950	13,434	12,158

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Financial liabilities carried at amortised cost				
Trade payables	46	1,465	–	–
Other payables and accruals	2,337	2,679	922	1,132
Due to subsidiaries	–	–	17,478	15,460
Loans and borrowings (Note 25)	13,131	12,799	–	–
Finance lease obligations	99	123	–	–
	15,613	17,066	18,400	16,592

Notes to Financial Statements

31 December 2011

32. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) The IT segment is in the business of trading and distribution of computers and peripherals for sub-distributors, wholesalers and retailers.

(ii) The photo segment is in the business of trading and distribution of photographic equipments and peripherals for sub-distributors, wholesalers and retailers.

(iii) The corporate segment is involved in Group-level corporate services and investments in marketable securities.

(iv) The other segment pertains to the business of trading and distribution of fast-moving consumer products, timepieces and telecommunication products.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

32. Segment information (cont'd)

	IT		Photo		Corporate		Others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010		2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Revenue:													
External customers	71,117	54,634	65,591	45,305	–	–	5,582	4,366	(19,000)	(14,879)	A	123,290	89,426
Inter-segment sales	–	–	–	–	2,720	3,089	–	–	(2,720)	(3,089)	B	–	–
Total revenue	71,117	54,634	65,591	45,305	2,720	3,089	5,582	4,366	(22,073)	(17,968)		123,290	89,426
Results:													
Finance income	–	–	–	–	–	–	–	–	–	2		–	2
Finance expenses	–	–	–	–	–	–	–	–	(2,033)	(4,692)		(2,033)	(4,692)
Other operating income	123	(49)	113	(41)	1,366	1,173	10	(4)	–	–		1,612	1,079
Non-cash expenses/income:													
Fair value gain on derecognition of financial liabilities	–	–	–	–	–	–	–	–	468	–		468	–
Fair value gain on derivative financial instrument	–	–	–	–	–	–	–	–	–	11,095		–	11,095
Depreciation and amortisation	(134)	(430)	(281)	(270)	–	–	(4)	(13)	–	–		(419)	(713)
Other non-cash expenses	(20)	(202)	(119)	(1,104)	–	–	–	(272)	–	–	C	(139)	(1,578)
Share of loss of associated companies	–	–	–	–	–	–	–	–	–	(12)		–	(12)
Segment (loss)/profit	(560)	(1,124)	31	(838)	(472)	1,310	518	262	105	1,761		(378)	1,371
Assets:													
Trade receivables	1,475	1,987	1,970	1,658	–	–	–	148	–	–		3,445	3,793
Inventories	601	1,855	6,564	5,935	–	–	514	288	(52)	(76)		7,627	8,002
Segment assets	–	–	–	–	–	–	–	–	11,959	13,257		11,959	13,257
												23,031	25,052

Notes to Financial Statements

31 December 2011

32. Segment information (cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

Notes:

A. Inter-segment revenues are eliminated on consolidation.

B. Inter-segment revenues are eliminated on consolidation.

C. Other non-cash expenses consist of allowance for inventory obsolescence, impairment and write-back of allowance for doubtful receivables as presented in the respective notes to the financial statements.

Geographical segments

Revenue and assets based on the geographical location of customers and assets respectively are as follows:

	Revenue		Assets	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Africa	802	2,635	–	79
Middle East	42,661	33,988	9,181	11,831
Asia	79,522	52,288	13,850	13,142
The Americas	305	515	–	–
	123,290	89,426	23,031	25,052

33. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

33. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

The Group's objective is to seek continued revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and proper authorisation levels and established for various levels of credit allowed to customers. Credit reviews are conducted periodically to review existing credit limits and terms. In addition, receivable balances are monitored on an ongoing basis.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2011		2010	
	$'000	% of total	$'000	% of total
By country:				
Vietnam	2,007	58.3	1,490	39.3
Kazakhstan	486	14.1	497	13.1
Myanmar	281	8.1	190	5.0
Turkmenistan	142	4.1	13	0.3
Uzbekistan	134	3.9	205	5.4
Singapore	104	3.0	721	19.0
Other countries	291	8.4	677	17.9
	3,445	100.0	3,793	100.0

At the end of the reporting period, approximately 75% (2010: 52%) of the Group's trade receivables were due from 6 (2010: 4) major customers who are located in Vietnam, Myanmar, Kazakhstan, Turkmenistan and Singapore (2010: Vietnam, Singapore, U.A.E and Kazakhstan).

	Group			
	2011		2010	
	$'000	% of total	$'000	% of total
By industry sectors:				
Photo	1,970	57.2	1,658	43.7
IT	1,475	42.8	1,987	52.4
Others	–	–	148	3.9
	3,445	100.0	3,793	100.0

Notes to Financial Statements

31 December 2011

33. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 18 and 19 (Trade and other receivables).

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and explore divestment of long-term non-core assets subject to approval of shareholders. At the end of the reporting period, the loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Group			
2011			
Trade and other payables	2,383	–	2,383
Loans and borrowings [(1)]	25,253	–	25,253
Finance lease obligations	26	86	112
	27,662	86	27,748
2010			
Trade and other payables	4,144	–	4,144
Loans and borrowings [(1)]	26,301	–	26,301
Finance lease obligations	29	111	140
	30,474	111	30,585

33. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Company			
2011			
Trade and other payables	922	–	922
Due to subsidiaries	17,478	–	17,478
	13,400	–	13,400
2010			
Trade and other payables	1,132	–	1,132
Due to subsidiaries	15,460	–	15,460
	16,592	–	16,592

(1) The contractual undiscounted payments of the loans and borrowings as at 31 December 2011 consists of the principal amount of $25,253,000 (2010: $25,800,000) and interest payable of $Nil (2010: $501,000).

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily US Dollars. Approximately 98% (2010: 96%) of the Group's sales are denominated in foreign currencies whilst almost 55% (2010: 64%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to $3,207,000 (2010: $1,572,000) and $1,000 (2010: $24,000) for the Group and the Company, respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant, on the Group's (loss)/profit for the year.

		Group	
		2011	2010
		$'000	$'000
USD	- strengthened 5% (2010: 5%)	(369)	(306)
	- weakened 5% (2010: 5%)	369	306

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings. Surplus funds are placed with reputable banks.

Notes to Financial Statements

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33. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

The following tables sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Within 1 year	1 to 2 years	Total
	$'000	$'000	$'000
2011			
Group			
Floating rate			
Cash assets	3,378	–	3,378
Finance lease obligations	23	76	99
Company			
Floating rate			
Cash assets	6	–	6
2010			
Group			
Floating rate			
Cash assets	1,665	–	1,665
Loans and borrowings	12,799	–	12,799
Finance lease obligations	25	98	123
Company			
Floating rate			
Cash assets	29	–	29

Interest on financial instruments subject to floating interest rates is contractually repriced regularly. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's (loss)/profit for the year would have been $2,000 (2010: $103,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing borrowings and lower/higher interest income from bank balances. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

		Group	
	Note	2011	2010
		$'000	$'000
Trade and other payables	23, 24	3,875	5,823
Finance lease obligations	26	99	123
Less: Cash and cash equivalents		(3,378)	(1,665)
Net debt		596	4,281
Equity attributable to the owners of the Company			
Total capital		5,737	6,144
Capital and net debt		6,333	10,425
Gearing ratio		9%	41%

35. Subsequent events

(a) As disclosed in Note 2, the Group repaid the Scheme Lenders the amount of $8.0 million, and consequently the Scheme Lenders discharged all remaining contractual debts amounting to approximately $17.3 million owing by the Group on 17 February 2012. As a result of the discharge of all the remaining contractual debts, a net gain of approximately $5.0 million will be recorded subsequent to the year-end.

(b) On 13 February 2012, the Group entered into an agreement to obtain a new $5.0 million Term Loan Facility ("Facility") for working capital purposes. The Facility will be secured via a mortgage of the leasehold office building of the Group and a corporate guarantee from the Company. As at the date of this report, the Facility has been fully drawn down.

36. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 29 March 2012.

Statistics of Shareholdings

As at 19 March 2012

SHARE CAPITAL

Issued and Fully Paid-up Capita	:	S$31,929,000
Number of Shares	:	1,975,899,925
Class of Shares	:	Ordinary Shares Voting Right : One Vote per Share
Ordinary Shares held as Treasury Shares	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	215	9.62	94,186	0.01
1,000 - 10,000	369	16.50	1,947,663	0.10
10,001 - 1,000,000	1,556	69.59	184,408,346	9.33
1,000,001 AND ABOVE	96	4.29	1,789,449,730	90.56
TOTAL	2,236	100.00	1,975,899,925	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	EE GUAN HUI GILBERT	644,073,696	32.60
2	GOI SENG HUI	296,384,988	15.00
3	KOH BOON HWEE	296,384,988	15.00
4	TAN BOON YONG ERIC	158,204,800	8.01
5	NG POH MING	20,156,250	1.02
6	GOH SHIN PING CHIRAPORN	20,000,000	1.01
7	PHILLIP SECURITIES PTE LTD	19,987,928	1.01
8	DBS NOMINEES PTE LTD	17,108,250	0.87
9	SIM BENG HUAT HENRY	16,966,000	0.86
10	OCBC SECURITIES PRIVATE LTD	15,989,210	0.81
11	CITIBANK NOMINEES SINGAPORE PTE LTD	14,057,500	0.71
12	HUANG YOUXIANG	12,500,000	0.63
13	PUAY MENG HO	10,312,500	0.52
14	LIM MUI CHOO	10,000,000	0.51
15	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	9,400,220	0.48
16	LIM SZE WEE	8,600,000	0.44
17	RAFFLES NOMINEES (PTE) LTD	8,392,500	0.42
18	MOHAMMED RASHIDIN BIN JAA'FAR	8,000,000	0.40
19	MAYBANK KIM ENG SECURITIES PTE LTD	7,991,120	0.40
20	CHUA AH LECK	7,500,000	0.38
	TOTAL	1,602,009,950	81.08

Statistics of Shareholdings

As at 19 March 2012

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
Name	No. of shares	%	No. of shares	%	No. of shares	%
EE GUAN HUI GILBERT	644,073,696	32.60%	–	0.00%	644,073,696	32.60%
GOI SENG HUI	296,384,988	15.00%	–	0.00%	296,384,988	15.00%
KOH BOON HWEE	296,384,988	15.00%	–	0.00%	296,384,988	15.00%
TAN BOON YONG ERIC	158,204,800	8.01%	–	0.00%	158,204,800	8.01%

SHAREHOLDINGS HELD BY THE PUBLIC

As at 19th March 2012, approximately 29.4% of the issued ordinary capital shares of the Company are held by public. Rule 723 of the SGX Listing Manual has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of JEL Corporation (Holdings) Ltd. ("the Company") will be held at 11 Changi North Way, JEL Centre Singapore 498796 on Wednesday, 25 April 2012 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

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

2. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Articles of Association of the Company:

   Mr Michael Grenville Gray **(Resolution 2)**
   Mr Edward Fu Shu Sheen **(Resolution 3)**

   Mr Michael Grenville Gray will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and as a member of the Nominating Committee/Remuneration Committee and will be considered independent.

   Mr Edward Fu Shu Sheen will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and as a member of the Audit Committee/Nominating Committee and will be considered independent.

3. To approve the payment of Directors' fees amounting to S$200,000 for the financial year ending 31 December 2012, to be paid quarterly in arrears. (2011: S$200,000) **(Resolution 4)**

4. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration **(Resolution 5)**

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

AS SPECIAL BUSINESS

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

6. **Authority to issue shares**

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

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

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

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

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

Notice of Annual General Meeting

provided that:

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

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

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

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

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

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

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

[See Explanatory Note (i)] **(Resolution 6)**

7. **Authority to issue shares under the JEL Employees' Share Option Scheme**

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

[See Explanatory Note (ii)] **(Resolution 7)**

By Order of the Board

Tan Cher Liang
Lee Tiong Hock
Company Secretaries
Singapore, 2 April 2012

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**")of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (**excluding treasury shares**) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

(ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company from time to time.

Notes:

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

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 11 Changi North Way, JEL Centre Singapore 498796 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

JEL CORPORATION (HOLDINGS) LTD.
[Company Registration No. 200106139K]
(Incorporated In The Republic of Singapore)

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

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

I/We, ____

of ____

being a member/members of JEL Corporation (Holdings) Ltd. (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 11 Changi North Way, JEL Centre Singapore 498796 on Wednesday, 25 April 2012 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2011		
2	Re-election of Mr Michael Grenville Gray as a Director		
3	Re-election of Mr Edward Fu Shu Sheen as a Director		
4	Approval of Directors' fees amounting to S$200,000 for the financial year ending 31 December 2012, to be paid quarterly in arrears		
5	Re-appointment of Ernst & Young LLP as Auditors		
6	Authority to issue shares		
7	Authority to issue shares under the JEL Employees' Share Option Scheme		

Dated this ______ day of ____________ 2012

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

____

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

Notes :

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

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

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

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

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 11 Changi North Way, JEL Centre, Singapore 498796 not less than forty-eight (48) hours before the time appointed for the Meeting.

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

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

General:

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

JEL Corporation (Holdings) Ltd.
JEL Center, 11 Changi North Way,
Singapore 498796
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