

APPLE FUJIFILM TAMRON ASUS GP BATTERIES TRIPP-LITE VELBON

LINKSYS EFINITI TAMRAC WENGER FOXCONN NORITSU CORUM

TAG HEUER SAMSUNG DIOR TITAN MARUMI ASROCK

ECO-CHEM TARGUS MITSUBISHI FENDI MSI



Global brands to local markets

azerbaijan - bangladesh
cambodia - dubai - kazakhstan
kyrgyzstan - singapore
turkmenistan - tajikistan
uzbekistan - vietnam

Jelcorp

ANNUAL REPORT 2010

Contents

Corporate Profile	01
Mission / Vision / Corporate Values	02
Global Brands	03
Chairman's & CEO's Statement	04
Corporate Information	07
Our Board of Directors	08
Our Footprints	10
Group Structure	12
Corporate Governance Report & Financial Contents	13



Corporate Profile

JEL Corporation is an established distributor of IT, photographic and timepiece products, with distribution networks spanning many emerging markets in Africa, Asia, the Middle East and the Americas. Headquartered in Singapore, JEL Corporation distributes a wide range of world renowned brands such as Tamron, Fujifilm, Apple, Asus, Targus, Linksys, Mitsubishi, Samsung, Asrock, Foxconn, Tamrac, Wenger, Noritsu, Marumi, GB Batteries, Tripp-Lite, Velbon, MSi, Titan, TAG Heuer, Fendi, Dior and Corum. The Group also distributes its two in-house brands, efiniti and Ecochem. efiniti, a product line for photographic industry, 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 strength 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.



FUJIFILM



NORITSU



msi™



ASRock

MARUMI

FOXCONN
Advancing Through Innovation



LINKSYS®



ASUS®



Dior

FENDI

TITAN

CORUM



Global Brands

Chairman's and CEO's Statement

Dear Shareholders and Stakeholders,

CROSSROADS.. After 4 difficult years spanning 2007, 2008, 2009 and now 2010, your Company stands squarely on the crossroads. Your support when we are ready to present resolutions for your approval at general meetings, will likely lead to the pathway out of the proverbial woods, into a viable future. The alternative will most likely be down the road to perdition, in a manner of speaking. Please take time to read this Annual Report carefully and attend our AGM on 26 April 2011.

2010 has been a roller-coaster year. We saw the 'highs' of an unexpectedly early recovery of the global economic crises; and the shareholders' approval, in the EGM of 16 Dec 2009, of the medium term Debt Restructuring Agreement, signed with all Lenders on 24 July 2009, so painstakingly negotiated, over the 2 preceding years.

The 'lows' came suddenly, with the unexpected non-renewal of the DRA on its 1st anniversary. Renewal required the consent of all Lenders and there was no unanimity. This was notwithstanding the fact that the company was totally current and compliant on all its financial obligations under the DRA and all but one of the Lenders had supported its renewal.

To protect the best interests of the Company, its shareholders and indeed, each of the supportive Lenders, the Company filed a Scheme of Arrangement under Section 210 of the Companies Act. Details of the Scheme which were announced in a series of announcements on 27 September 2010, 12 October 2010, 26 January 2011, 8 February 2011 and 17 February 2011. The Company will, in due course, call for the vote of Scheme Creditors and the approval of Court.

Meanwhile, your Board has gone down the path of mergers and acquisitions, as reported in the last Annual Report 2009. We have now found a transaction that, if approved and completed, will for the first time, place substantial monies and assets into the Company and the Group. Details of the binding Subscription Agreement, have been announced on 24 March 2011 and have been incorporated into the Scheme of Arrangement.

These two major transactions are obviously subject to various terms stated and the approval of all relevant regulatory authorities and agencies. Its outcome will determine the future of the Company. It will entail a change of control of shareholders, reconstitution of your Board and a change of management, among other things. It will also provide the basis for your Company to apply for an extension of the dateline, to get off the SGX's Watch-List, to avert de-listing.

Your Board will endeavour to lay out the information and decision making processes, clearly and carefully, to facilitate your understanding and paramount choices. For all these additional reasons, please attend the upcoming AGM.

Meanwhile, on behalf of your Board and Management, we bring you this performance review of the Company and Group, for the year just past. Though operations remain satisfactory, it has again been a difficult year due to the continued tight credit constraints faced by the Group. The support of key principals has been strong and new products and territories have been offered to us. But your Management has had to do more, with less. Restrictions on credit lines and extrinsic demands on limited financial resources, have taken its toll.

Selected Group's Financial Data:

\$'000	FY 2010	FY 2009
Continuing Operations		
Revenue	89,426	117,086
Gross profits*	5,306	6,675
Gross margins*	5.9%	5.7%
Administrative expenses**	(8,060)	(7,562)
EBITA***	(2,754)	(887)
Profit (Loss) before tax	1,371	231

* Gross profits/margins after deducting Distribution and selling expenses

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

*** EBITDA excluding other operating income and other expenses.

Revenue and Margin

With no new credit facilitation and diminishing financial resources, revenues fell by 24% to \$89m, versus \$117m in 2009. Gross profit fell by 21% to \$5.3m, versus \$6.7m in 2009. The continued focus on businesses with healthier margins contributed to the higher margin which grew from 5.7% in 2009 to 5.9% in 2010.

Administrative Expenses

There were several rounds of cost cutting measures implemented since the period from 2007 to 2009. As at 2010, the Group is functioning on a very lean organization structure. However, due to the inflationary trends, administrative expenses for 2010 increased marginally by 6.6% to \$8.1m, versus \$7.6m in 2009.

Extraordinary Item

A fair value gain on derivative financial instrument of \$11.1m in 2010 resulted in the Group achieving a profit before tax of \$1.4m in 2010. This fair value gain relates to the fair value changes in the embedded equity conversion option on the Group's loans, which following the non-renewal of the DRA, the lenders no longer have the right to convert the loans to ordinary shares of the Company, and hence the fair value of the derivative financial instrument has been released as an income. The notes in the accounts provide more details and information related to this item.

In summary, excluding this one-off item, the Company's operational net loss increased to \$1.4m from \$0.2m in 2009. The profit before tax of the Group from continuing operations, however, improved to a \$1.4m from \$0.2m in 2009.

Looking ahead

In terms of business activities, the Group has continued to add new distribution rights to its portfolio in the past year, with Fujifilm granting additional exclusive territorial rights for Digital Camera distribution, in Azerbaijan. We also acquired distribution rights to the entire range of laptop products from Micro-Star International Co., Ltd ("MSI") for Cambodia.

The Group's key strategic goal has been to find a long term solution to its current indebtedness with its Lenders and to the size of working capital for the Group. Both the completion of the Subscription Agreement and Scheme of Arrangement are currently in progress and subject to various regulatory and other approvals and the successful completion of which, will be critical to the Group's efforts to improve its balance sheet and financial position. With this, the Group will finally be able to obtain credit facilitation for its businesses and this is vital for the Group's efforts to achieve sustainable profitability and growth.

Sincerely,

Francis Lee

Non-Executive Chairman and Independent Director

Gilbert Ee

Chief Executive Officer

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: 6536 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



Lee Choon Hui, Francis

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.



Ee Guan Hui, Gilbert

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 and Oxley JV Pte Ltd.



Ryo Kobayashi

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.



Michael Grenville Gray

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, Grand Banks Yachts Limited 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.



Fu Shu Sheen, Edward

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.

Our Board of Directors

Our Footprints

ASIA



ASIA NETWORKS

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
Tel / Fax: (84) 38 209 904

Cambodia

JEL DISTRIBUTION (CAMBODIA) PTE LTD
and JDC SERVICE CENTER
Attwood Business Center 37E1,
(Ground Floor), ABC Center, Russian Blvd,
Sangkat Toeuk Thia Khan Reussey Keo
Phnom Penh, Cambodia
Tel: (855 23) 219 076
Fax: (855 23) 210 683

MIDDLE EAST

U.A.E.

JEL Corporation (Middle East) Pte Ltd
JEL Corporation Building
Jebel Ali Zone South, Dubai, U.A.E.
P.O. Box: 17470 Jebel Ali, UAE
Tel: (971 4) 886 1350
Fax: (971 4) 886 1351

Netstream Electronics
Shop M28, Mezzanine Flr.,
Royal Auto Centre,
Al Maktoum Hospital Rd., Dubai, UAE.
Tel: +971 4 2346 818
Fax: +971 4 2346 129



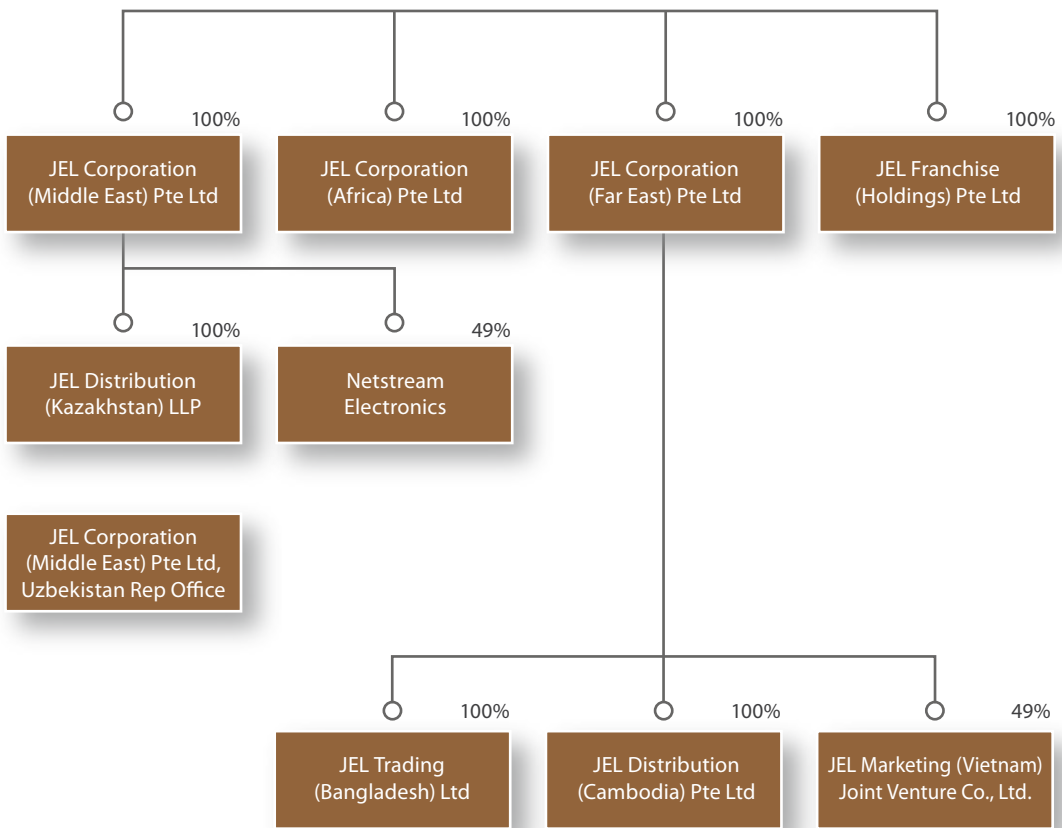
MIDDLE EAST NETWORKS

Uzbekistan

JEL Corporation (Middle East) Pte Ltd
Uzbekistan Representative Office
54, Babura Street,
Tashkent, 100022
Uzbekistan
Tel / Fax: (998 71) 255 2123

Kazakhstan

JEL DISTRIBUTION (KAZAKHSTAN) LLP
Gornyigigant, 8th Gvardeiskaya Divizia Street,
house #128, Almaty City, 050018, Kazakhstan
Tel: +7 (727) 264 2222; 264 3504; 264 3594
Fax: +7 (727) 264 6710



Group Structure

Corporate Governance Report & Financial Statements

Corporate Governance	14
Directors' Report	22
Statement by Directors	25
Independent Auditors' Report	26
Statements of Comprehensive Income	28
Statements of Financial Position	29
Statements of Changes in Equity	30
Consolidated Statement of Cash Flows	31
Notes to the Financial Statements	33
Statistics of Shareholdings	86
Notice of Annual General Meeting	88
Proxy Form	

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 Office

(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.

Corporate Governance

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 frequently, as and 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:

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

Corporate Governance

In addition to these formal Board meetings, the Board met informally practically on a monthly basis, to deal with major exigencies, discuss strategy and monitor developments.

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.

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, the Nominating Committee, and the 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.

Corporate Governance

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 total non-audit fees paid to the auditors in FY2010 amounted to \$32,450. 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.

The AC meets with the external auditors without the presence of management at least once a year.

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.

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;
- (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.

Corporate Governance

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, every Director shall retire from office once every three years, at each Annual General Meeting (“AGM”), and for this purpose, Francis Lee Choon Hui and Ee Guan Hui, Gilbert 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 Articles of Association, are competent to continue, the NC has recommended to the Board for consideration, the reappointment 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 benchmarked 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, ad-hoc fees for additional work done and additional fees for serving on Board committees. These fees are subject to approval by shareholders as a lump sum at the AGM.

Corporate Governance

For the financial year 2010 considerable amount of time and effort were incurred for meetings and work done by the directors, namely meeting with all its lenders to deal with the Group's borrowings especially after expiry and the unexpected non-renewal of the Debt Restructuring Agreement; formulation of a Scheme of Arrangement; and prospecting of mergers and acquisitions projects for the Company. The RC has recommended an additional ad-hoc fees amounting to S\$75,000.

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 Articles of Association.

Remuneration Band	Name of Director	Base Salary and Allowances	Bonus	Directors' Fee	Total
S\$250,000 to S\$499,999	Mr. Gilbert Ee Guan Hui (Chief Executive Officer)	83.3%	16.7%	0.0%	100.0%
	Mr. Ryo Kobayashi (Chief Operating Officer)	83.2%	16.8%	0.0%	100.0%
Below S\$250,000	Mr. Lee Choon Hui, Francis (Non-Executive Chairman / Independent Director)	0.0%	0.0%	100.0%	100.0%
	Mr. Michael Grenville 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%

A breakdown showing the percentage mix of each individual Director's remuneration payable for financial year ended 31 December 2010 is as follows:

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 2010 was an immediate family member (as defined in the Listing Manual of the SGX-ST) of any Director of the Company.

2. Internal Controls

The Group has a well-established internal audit programme and compliance functions. It has also put in place appropriate risk management processes to evaluate and manage the financial risks of the Group.

The Board is satisfied that the Group's system of internal control is functioning satisfactorily.

Corporate Governance

3. Internal Audit

The internal audit function has been outsourced to a professional firm, Ethos Advisory 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.

4. Communications with Shareholders

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 dialogue with shareholders.

The notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 working days before the meeting. 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 Audit, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these committees.

5. 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(18) 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 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.

Corporate Governance

6. Interested Person Transactions (“IPT”)

The Group has established procedures for recording, reporting and reviewing and approving interested person transactions. For financial year ended 2010, there were no material IPT.

7. Material Contracts

Save for the service agreements between the Executive Directors and 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 2010.

8. Compliance with Rule 716 of the Listing Manuel

Save for one subsidiary which is not significant, all the Company's subsidiaries are audited by Ernst & Young. 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.

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 2010.

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:

Name of director	Direct interest		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
The Company				
<i>Ordinary shares</i>				
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 2011.

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 administered by the Remuneration Committee.

As at 31 December 2010, 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.

Directors' Report

Auditors

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

On behalf of the Board of Directors,

Francis Lee Choon Hui
Director

Gilbert Ee Guan Hui
Director

Singapore
1 April 2011

Statement by Directors

We, Francis Lee Choon Hui and Gilbert Ee Guan Hui, 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 2010 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,

Francis Lee Choon Hui
Director

Gilbert Ee Guan Hui
Director

Singapore
1 April 2011

Independent Auditor's Report

For the Financial Year Ended 31 December 2010
to the Members of JEL Corporation (Holdings) Ltd.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of JEL Corporation (Holdings) Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 28 to 85, which comprise the statements of financial position of the Group and the Company as at 31 December 2010, 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 consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 the consolidated 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 consolidated 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 2010 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Independent Auditor's Report

For the Financial Year Ended 31 December 2010
to the Members of JEL Corporation (Holdings) Ltd.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements. As at 31 December 2010, included in the Group's statement of financial position are loans and borrowings amounting to \$12,799,000 (2009: \$12,130,000). As at the date of this report, the Group is not able to make full repayment of these amounts, without adversely affecting the Group's working capital required for its on-going operations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and the Company to continue as going concerns.

As disclosed more fully in Note 2, the ability of the Group and the Company to meet their financial obligations and to continue as going concerns is dependent on the approval and successful implementation of the Scheme of Arrangement, the successful completion of the Subscription Agreement with two investors and the Group's ability to generate sufficient cash flows from its operations.

If the approval and successful implementation of the aforementioned Scheme and the successful completion of the Subscription Agreement are not forthcoming, the Group and the Company may not be able to continue in operational existence for the foreseeable future. The Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situations that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise. No such adjustments have been made to these financial statements.

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 the 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

1 April 2011

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2010

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Continuing operations					
Revenue	4	89,426	117,086	3,089	2,881
Cost of sales		(84,132)	(110,368)	-	-
Gross profit		5,294	6,718	3,089	2,881
Other operating income	5	12,174	9,673	3,568	1,115
Distribution and selling expenses		12	(43)	(34)	(24)
Administrative expenses		(9,008)	(9,526)	(4,488)	(4,055)
Other expenses	6	(2,399)	(4,205)	(825)	(2,596)
Profit/(loss) from operations		6,073	2,617	1,310	(2,679)
Finance expenses	8	(4,692)	(2,354)	-	-
Finance income	8	2	2	-	-
Share of loss of associated companies		(12)	(34)	-	-
Profit/(loss) before tax		1,371	231	1,310	(2,679)
Taxation	10	-	77	-	-
Profit/(loss) after tax from continuing operations		1,371	308	1,310	(2,679)
Discontinued operation					
Loss from discontinued operation, net of tax	7	-	(586)	-	-
Profit/(loss) for the year attributable to owners of the Company		1,371	(278)	1,310	(2,679)
Other comprehensive (expense)/income:					
Realisation of asset revaluation reserve upon disposal of investment property		-	(90)	-	-
Asset revaluation deficit		(1,074)	-	-	-
Foreign currency translation		(115)	(546)	-	-
Reserve attributable to the liquidation of subsidiary		-	486	-	-
Total comprehensive income/(expense) for the year		182	(428)	1,310	(2,679)
Total comprehensive income/(expense) attributable to owners of the Company		182	(428)	1,310	(2,679)
Earnings/(loss) per share (cents per share)					
Continuing operations					
Basic	11	0.35	0.08		
Diluted		0.35	0.08		
Discontinued operations					
Basic	11	-	(0.15)		
Diluted		-	(0.15)		

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

Statements of Financial Position

For the Financial Year Ended 31 December 2010

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	463	632	-	-
Subsidiaries	13	-	-	168	8,868
Associates	14	30	41	-	-
Trademarks	15	1	2	-	-
Deferred tax assets	16	181	196	-	-
		675	871	168	8,868
Current assets					
Property, plant and equipment	12	4,501	6,574	-	-
Financial asset at fair value through profit or loss	17	849	1,257	849	1,257
Inventories	18	8,002	13,721	-	-
Trade receivables	19	3,793	5,557	-	-
Other receivables	20	1,643	2,183	476	257
Other current assets	20	3,924	815	84	142
Due from subsidiaries (trade)	21	-	-	10,804	6,207
Fixed deposits (pledged)	22	304	329	-	-
Cash and cash equivalents	22	1,361	2,688	29	39
		24,377	33,124	12,242	7,902
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	23	1,465	1,970	-	-
Other payables and accruals	24	4,358	2,652	1,132	1,004
Due to subsidiaries (non-trade)	21	-	-	15,460	10,163
Provision for taxation		163	142	-	-
Derivative financial instrument	25	-	11,095	-	11,095
Loans and borrowings	26	12,799	8,690	-	-
Finance lease obligations	27	25	41	-	-
		18,810	24,590	16,592	22,262
Net current assets/(liabilities)		5,567	8,534	(4,350)	(14,360)
Non-current liabilities					
Loans and borrowings	26	-	(3,440)	-	-
Finance lease obligations	27	(98)	(3)	-	-
Net assets/(liabilities)		6,144	5,962	(4,182)	(5,492)
Equity attributable to owners of the Company					
Share capital	28	26,629	26,629	26,629	26,629
Reserves	29	(20,485)	(20,667)	(30,811)	(32,121)
Total equity		6,144	5,962	(4,182)	(5,492)

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 2010

	Attributable to owners of the parent					Total \$'000
	Share capital (Note 28)	Accumulated losses	Capital reserve	Asset revaluation reserve (Note 29)	Translation reserve (Note 29)	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Group						
At 1 January 2009	26,629	(24,198)	779	4,758	(1,578)	6,390
Loss net of tax	–	(278)	–	–	–	(278)
Foreign currency translation	–	–	–	–	(546)	(546)
Realisation of asset revaluation reserve upon disposal of investment property	–	–	–	(90)	–	(90)
Reserve attributable to the liquidation of subsidiary	–	–	–	–	486	486
Total comprehensive expense for the year	–	(278)	–	(90)	(60)	(428)
At 31 December 2009	26,629	(24,476)	779	4,668	(1,638)	5,962
Profit net of tax	–	1,371	–	–	–	1,371
Foreign currency translation	–	–	–	–	(115)	(115)
Asset revaluation deficit	–	–	–	(1,074)	–	(1,074)
Total comprehensive income/ (expense) for the year	–	1,371	–	(1,074)	(115)	182
At 31 December 2010	26,629	(23,105)	779	(3,594)	(1,753)	6,144

	Share capital (Note 28)	Accumulated losses	Total
	\$'000	\$'000	\$'000
Company			
At 1 January 2009	26,629	(29,442)	(2,813)
Loss for the year representing total comprehensive expense for the year	–	(2,679)	(2,679)
At 31 December 2009	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)

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 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Profit/(loss) before tax			
- from continued operations		1,371	231
- from discontinued operations		–	(586)
Adjustments:			
Amortisation of trademarks	15	1	8
Depreciation of property, plant and equipment	12	712	802
Depreciation of investment property		–	43
Allowance for doubtful trade receivables	19	28	34
Allowance for inventory obsolescence	18	1,600	731
Write-back of allowance for doubtful receivables	19	(89)	(204)
Net fair value loss on quoted investments		52	–
Gain on disposal of quoted investments		(8)	–
Loss on disposal of investment property		–	7
Loss on liquidation of subsidiary		–	997
Gain on derecognition of financial liabilities	26	–	(8,435)
Fair value (gain)/loss on derivative financial instrument	25	(11,095)	2,395
(Gain)/loss on disposal of property, plant and equipment	6	(18)	38
Share of loss of associated companies	14	12	34
Finance expenses	8	4,692	2,354
Finance income	8	(2)	(2)
Operating cash flows before working capital changes		(2,744)	(1,553)
Decrease/(increase) in current assets:			
Inventories		4,119	4,955
Trade receivables		1,825	497
Other receivables, deposits and prepayments		(2,569)	2,787
(Decrease)/increase in current liabilities:			
Trade payables		(505)	(7,774)
Bills payable to banks		–	1,562
Other payables and accruals		1,706	(2,781)
Cash generated from/(used in) operations		1,832	(2,307)
Tax refund		36	78
Finance expenses paid		(1,227)	(1,511)
Translation difference		(1,766)	(300)
Net cash used in operating activities		(1,125)	(4,040)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(244)	(192)
Finance income received		2	2
Proceeds from disposal of property, plant and equipment		68	226
Proceeds from disposal of quoted investments		365	–
Proceeds from disposal of investment property		–	2,280
Investment in associate		–	(58)
Net cash generated from investing activities		191	2,258

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from financing activities			
Decrease/(increase) in pledged deposits		25	(100)
Repayment of finance lease obligations		(68)	(76)
Repayment of loans and borrowings		(500)	(2,000)
Net cash used in financing activities		(393)	(2,176)
Net decrease in cash and cash equivalents		(1,327)	(3,958)
Cash and cash equivalents at beginning of year	22	2,688	6,646
Cash and cash equivalents at end of year	22	1,361	2,688

Note to the Consolidated Statement of Cash Flows

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and unpledged fixed deposits. 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:

Fixed deposits		341	367
Cash and bank balances		1,324	2,650
		1,665	3,017
Less: Fixed deposits pledged	22	(304)	(329)
Cash and cash equivalents		1,361	2,688

Cash and bank balances have an effective interest rate of 0.14% (2009: 0.07%) during the financial year ended 31 December 2010.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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 13 and 14 to the financial statements.

2. Going concern

The Company and its subsidiary, JEL Corporation (Far East) Pte Ltd ("JCFE") entered into a Debt Restructuring Agreement ("DRA") with its lenders on 24 July 2009 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 on 24 September 2010 and it was not renewed.

As at 31 December 2010, the Group's loans and borrowings which arose from the DRA are as follows:

	2010	2009
Carried at amortised cost	\$12,799,000	\$12,130,000
Contractual amounts	\$25,800,000	\$28,243,000

As at the date of this report, the Group is not able to make full repayment of these amounts. JCFE had applied to the High Court for a Scheme of Arrangement with its lenders which is disclosed more fully in Note 2(a) below. These factors indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due depend on:

- (i) the Scheme lenders voting to approve the Scheme and the successful implementation of the Scheme as discussed in Note 2(a) below;
- (ii) the successful completion of the Subscription Agreement as discussed in Note 2(b) below; and
- (iii) the Group being able to generate sufficient cash flows in the foreseeable future.

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 support received to date from the Group's lenders and the progress made in advancing the Scheme and Subscription Agreement as described in Note 2(a) and 2(b) below, as well as the Group's ability to generate sufficient positive cash flows from its operations following the successful approval and implementation of the Scheme.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Going concern (Cont'd)

If the approval and successful implementation of the Scheme and the successful completion of the Subscription Agreement are not forthcoming, the Group and the Company will be not be able to continue as going concerns. Should the going concern assumption be inappropriate, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made in the financial statements in respect of these.

(a) Scheme of Arrangement

JCFE had, on 24 September 2010, filed an application to the High Court to propose a Scheme of Arrangement (Scheme) between JCFE and its lenders to restructure its liabilities, which includes waiver of a certain amount of the Group's present debts.

On 12 October 2010, the Company obtained an Order from the High Court under Section 210(10) of the Companies Act restraining the commencement or continuation of proceedings against the Company pending the approval by the High Court of the proposed Scheme.

The Company also received the High Court's approval to call a meeting of its lenders by 12 May 2011 to consider and approve the proposed Scheme of Arrangement.

The Company and its advisers are presently finalising the terms of the Scheme and it is the Company's intention to partially repay the Group's existing debt to the lenders via funds raised through a Subscription Agreement by two investors as described in Note 2 (b) below.

(b) Subscription Agreement

On 24 March 2011, the Company executed a Subscription Agreement with Serial Systems Ltd ("Serial") and Mr Seah Hock Thiam. Pursuant to the Subscription Agreement:

- (a) A capital injection of \$10.0 million shall be provided by the two investors to the Company, consisting of:
 - (i) \$4.5 million in cash; and
 - (ii) \$5.5 million to be satisfied through the issue of new ordinary shares in the capital of Serial at an issue price to be agreed between the Company and Serial.

The capital injection may be fully satisfied by payment in cash, subject to a 20% discount. Accordingly, the capital injection may be satisfied by the total payment of \$8.9 million in cash.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Going concern (Cont'd)

(b) Subscription Agreement (Cont'd)

- (b) In consideration of the capital injection by the two investors:
- (i) 250,000,000 and 125,000,000 new ordinary shares in the capital of the Company will be issued to Serial and Mr Seah at the issue price of S\$0.012 per share respectively and 458,333,333 new ordinary shares in the capital of the Company will be issued to Serial, at the issue price of between \$0.0104 and \$0.012 per share; and
 - (ii) The Company will grant to Serial and Mr Seah options to subscribe for 708,333,333 and 125,000,000 ordinary shares of \$0.012 per option shares in the capital of the Company at the exercise price of \$0.012 per option.

The successful completion of the Subscription Agreement is dependent on, inter alia, the following:

- (i) the Scheme lenders voting to approve the Scheme;
- (ii) the successful completion of the due diligence of the Group being conducted by the investors; and
- (iii) the approval of the shareholders of both the Company and Serial.

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 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendment to FRS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>	1 February 2010
INT FRS 119 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
Revised FRS 24 <i>Related Party Disclosures</i>	1 January 2011
Amendments to INT FRS 114 <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011
INT FRS 115 <i>Agreements for the Construction of Real Estate</i>	1 January 2011

Except for the revised FRS 24, 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 revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.4 Significant accounting estimates and judgements (Cont'd)

(a) *Judgement made in applying accounting policies*

(i) Judgement made in relation to the Group's and the Company's ability to continue as going concern

As disclosed in Note 2, the ability of the Group and the Company to continue as a going concern depends on the assumptions that:

- (i) the Scheme lenders will approve the Scheme and the Scheme is successfully implemented;
- (ii) the Subscription Agreement is successfully completed; and
- (iii) the Group is able to generate sufficient cash flows in the foreseeable future.

If the approval and successful implementation of the Scheme and the successful completion of the Subscription Agreement are not forthcoming, the Group and the Company will not be able to continue as going concerns. Should the going concern assumption be inappropriate, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made in the financial statements in respect of these.

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, 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) Fair value of derivative financial instrument

The fair value of the derivative financial instrument of the RTL and RCF is calculated using Bermudan variable purchase option ("VPO") based on certain assumption of volatility that is not supported by observable market data. Judgement is required to establish fair values. The judgements include considerations of model inputs regarding the volatility. The valuation of derivative financial instrument is described in more detail in Note 34 to the financial statements. The fair value of the derivative financial instrument as at 31 December 2010 is nil as described in more detail in Note 25 to the financial statements

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.4 Significant accounting estimates and judgements (Cont'd)

(b) Key sources of estimation uncertainty (Cont'd)

(ii) 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.

(iii) 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 statement of financial position date is disclosed in Note 19 to the financial statements.

(iv) 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 at 31 December 2010 was \$163,000 (2009: \$142,000).

3.5 Foreign currency

Foreign currency transactions

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 statement of financial position date. 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.5 Foreign currency (Cont'd)

Foreign currency transactions (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the statement of financial position date are recognised in the statement of comprehensive income 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 the consolidated statement of comprehensive income on disposal of the foreign operation.

Foreign currency translation

For the purpose of the presentation of financial statements, assets and liabilities of certain subsidiaries are translated into SGD at the exchange rate ruling at statement of financial position date while share capital and reserves are translated at the historical rate of exchange. Revenues and expenses are translated at the weighted average rates for the year. All resultant exchange differences are taken directly to other comprehensive income.

On disposal of a foreign operation, the cumulative amount of exchange differences recorded in other comprehensive income relating to that foreign operation is recognised in the statement of comprehensive income as a component of the gain or loss on disposal.

3.6 Subsidiaries and basis of consolidation

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.

Basis of consolidation

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

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

Subsidiaries are fully 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.6 Subsidiaries and basis of consolidation (Cont'd)

Basis of consolidation (Cont'd)

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 statement of comprehensive income or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to 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 statement of comprehensive income.

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 identifiable net assets.

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 3.9(b). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of comprehensive income on the acquisition date.

Business combinations before 1 January 2010

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

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.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.6 *Subsidiaries and basis of consolidation (Cont'd)*

Basis of consolidation (Cont'd)

Business combinations before 1 January 2010 (Cont'd)

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 measurements to the contingent consideration affected goodwill.

3.7 *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 statement of comprehensive income 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.

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 each balance sheet date 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 the statement of comprehensive income.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.8 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 statement of financial position date.

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 the statement of comprehensive income, in which case the increase is recognised in the statement of comprehensive income. A revaluation deficit is recognised in the statement of comprehensive income, 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.

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

Leasehold office buildings	12 years
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 the statement of comprehensive income in the year the asset is derecognised.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.9 *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 the statement of comprehensive income 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 the statement of comprehensive income 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.

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 the statement of comprehensive income. 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.

3.10 *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 such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.10 *Impairment of non-financial assets (Cont'd)*

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. Where the carrying amount of an asset 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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in the statement of comprehensive income 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.

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 the statement of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.11 *Financial assets*

Financial assets are recognised on the statement of financial position 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 the statement of comprehensive income, directly attributable transaction costs.

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 has been recognised directly in other comprehensive income is recognised in the statement of comprehensive income.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.11 *Financial assets (Cont'd)*

Loans and receivables

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. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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

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

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 the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

3.12 *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 3.11.

3.13 *Impairment of financial assets*

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised 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 financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.13 *Impairment of financial assets (Cont'd)*

(a) *Assets carried at amortised cost (Cont'd)*

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 been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

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 the statement of comprehensive income.

(b) *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.

3.14 *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.

3.15 *Financial liabilities*

Financial liabilities within the scope of FRS 39 are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.15 *Financial liabilities (Cont'd)*

For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 the statement of comprehensive income.

3.16 *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 statement of financial position date.

(a) *Loans and borrowings*

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.

(b) *Convertible Restructured Term Loan ("RTL") and Convertible Renewable Credit Facility ("RCF")*

The equity conversion option of the RTL and RCF exhibit characteristics of an embedded derivative and is separated from its liability component. On initial recognition, the embedded equity conversion option is measured at its fair value and presented as part of derivative financial instruments. The difference between total proceeds and the fair value of the equity conversion option is recognised as the liability component.

The equity conversion option is subsequently carried at its fair value with changes recognised in the statement of comprehensive income. The liability component is carried at amortised cost until the liability is extinguished upon conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability components and the equity conversion option are derecognised with a corresponding recognition of share capital.

3.17 *Borrowing costs*

Borrowing costs are capitalised 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.18 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 each statement of financial position date 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.

3.19 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 statement of financial position date.

3.20 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 Company 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 the statement of comprehensive income. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.20 Leases (Cont'd)

(a) As lessee (Cont'd)

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 Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income 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 Company 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).

3.21 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in statement of comprehensive income.

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) Consultancy income

Consultancy income is recognised when services have been rendered.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.22 Revenue recognition (Cont'd)

(c) Dividend and interest income

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

Interest income is recognised using the effective interest method.

(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 Income 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 by the end of the reporting period, in the countries where the Company 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, associates and interests in joint ventures, 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

3.23 Income taxes (Cont'd)

(b) Deferred tax (Cont'd)

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, associates and interests in joint ventures, 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.

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 income taxes relate to the same taxable entity and the same taxation authority.

(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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

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 35, 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.

3.26 *Contingencies*

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

Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

3.27 *Related parties*

A party is considered to be related to the Group if:

- (a) The party, directly or indirectly through one or more intermediaries,
 - (i) controls, is controlled by, or is under common control with, the Group;
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Group;
- (b) The party is an associate;
- (c) The party is a jointly-controlled entity;
- (d) The party is a member of the key management personnel of the Group or its parent;
- (e) The party is a close member of the family of any individual referred to in (a) or (d); or
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

4. Revenue

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Sale of goods	89,426	117,086	-	-
Management fee from subsidiaries	-	-	3,089	2,881
	89,426	117,086	3,089	2,881

5. Other operating income

	Note	Group		Company	
		2010	2009	2010	2009
		\$'000	\$'000	\$'000	\$'000
Consultancy income		34	56	-	-
Rental income		873	1,075	1,094	1,069
Servicing fees		1	-	-	-
Fair value gain on derivative financial instrument	25	11,095	-	2,395	-
Gain on derecognition of financial liabilities	26	-	8,435	-	-
Other miscellaneous income		171	107	79	46
		12,174	9,673	3,568	1,115

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

6. Profit/(loss) from operations/other expenses

Profit/(loss) from operations

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

	Group				Company	
	Continuing operations		Discontinued operations		2010	2009
	2010	2009	2010	2009		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amortisation and depreciation	713	851	-	2	-	1
Directors' fees	275	275	-	-	275	275
Directors' remuneration	722	722	-	-	722	722
Loss on disposal of investment property	-	7	-	-	-	-
(Gain)/loss on disposal of property, plant and equipment	(18)	38	-	-	-	-
Net foreign exchange (gain)/loss	(637)	38	-	546	564	191
Personnel expenses* (Note 9)	4,538	4,513	-	557	1,921	1,984

* This include directors' remuneration

Other expenses

The following items have been included in arriving at other expenses:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Impairment loss/(write back) of allowance made on financial assets:				
- Trade receivables	(61)	(170)	-	-
- Other receivables	-	23	-	-
- Due from subsidiaries	-	-	4	11
Financial assets at fair value through profit or loss	52	-	52	-
Gain on disposal of quoted investments	(8)	-	(8)	-
Fair value loss on derivative financial instrument	-	2,395	-	2,395
Impairment loss on inventories	1,600	731	-	-
Loss/(gain) on liquidation of a subsidiary	-	997	-	(1)
Legal, accounting and other professional fees arising from the debt restructuring exercise	777	229	777	191

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

7. Discontinued operation

JEL Distribution South Africa (JDSA)

In the prior year, the Company announced the Group's decision to exit the South African business. In accordance with the Group's strategy to exit the loss making retail distribution business in South Africa, the Group has voluntarily applied to the South African High Court to wind-up the subsidiary, JDSA.

Statement of Comprehensive Income disclosure

The results of JDSA for the financial year ended 31 December 2009 is as follows:

	2009
	\$'000
Revenue	1,829
Cost of sales	(1,865)
Gross profit	(36)
Other operating income	94
Distribution and selling expenses	(86)
Administrative expenses	(472)
Other expenses	(2)
Loss from operations	(502)
Finance income	-
Finance expenses	(84)
Loss before tax from discontinued operation	(586)
Taxation	-
Loss from discontinued operation, net of tax	(586)

Statement of Cash Flows disclosures

The cash flows attributable are as follows:

Operating	(685)
Investing	(5)
Financing	6
Net cash outflows	(684)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

8. Finance expenses/finance income

	Group				Company	
	Continuing operations		Discontinued operations		2010	2009
	2010	2009	2010	2009		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Finance expenses						
- finance lease obligations	(7)	(25)	-	-	-	-
- bills payable to banks	-	(768)	-	-	-	-
- loans and borrowings	(1,220)	(718)	-	-	-	-
- amortisation charge on financial liabilities	(3,465)	(843)	-	-	-	-
- others	-	-	-	(84)	-	-
	(4,692)	(2,354)	-	(84)	-	-
Finance income						
- fixed deposits	1	1	-	-	-	-
- others	1	1	-	-	-	-
	2	2	-	-	-	-

9. Personnel expenses

	Group				Company	
	Continuing operations		Discontinued operations		2010	2009
	2010	2009	2010	2009		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Personnel expenses (including director(s) remuneration):						
Wages, salaries and bonuses	3,778	3,737	-	413	1,543	1,513
Defined contribution plans	222	255	-	-	99	101
Other personnel expenses	538	521	-	144	279	370
	4,538	4,513	-	557	1,921	1,984

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

10. Taxation

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Current income tax				
- current income taxation	-	44	-	-
- over provision in respect of prior years	-	(115)	-	-
Deferred income tax				
- movement in temporary differences	-	(6)	-	-
Income tax credit recognised in the statement of comprehensive income	-	(77)	-	-

A reconciliation between the tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 is as follows:

Profit/(loss) before tax from continuing operations	1,371	231	1,310	(2,679)
Loss before tax from discontinued operation	-	(586)	-	-
Profit/(loss) before taxation	1,371	(355)	1,310	(2,679)
Tax at the domestic rates applicable to profits in the countries where the Group operates ¹	340	236	223	(482)
Adjustments:				
Non-deductible expenses	1,026	1,011	229	609
Income not subject to tax	(2,070)	(1,592)	(407)	-
Tax relief on loss transferred	-	-	(114)	(130)
Deferred tax assets not recognised	642	360	-	-
Over provision in respect of prior years	-	(115)	-	-
Others	62	23	69	3
Income tax credit recognised in the statement of comprehensive income	-	(77)	-	-

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

10. Taxation (Cont'd)

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 \$668,000 (2009: \$766,000) 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.

Deferred income tax related to other comprehensive income

There is no deferred income tax related to other comprehensive income for the current financial year (2009: Nil).

11. Earnings/(loss) per share

(a) *Continuing operations*

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

Diluted earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year from continuing operations, 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

11. Earnings/(loss) per share (Cont'd)

(a) *Continuing operations (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	
	2010	2009
	\$'000	\$'000
Profit/(loss) net of tax attributable to owners of the Company	1,371	(278)
Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company	–	586
Profit net of tax attributable to owners of the Company used in the computation of basic earnings/(loss) per share	1,371	308
Interest expense on convertible restructured term loan/convertible credit facility	–	214
Profit net of tax attributable to owners of the Company used in the computation of diluted earnings/(loss) per share	1,371	522
	No. of shares	No. of shares
	000	000
Weighted average number of ordinary shares for basic earnings/(loss) per share computation	395,180	395,180

The convertible restructured term loan/convertible revolving credit facility have an anti-dilutive effect on the basic earnings per share for the year and were not taken into account in the calculation of diluted earnings/(loss) per share for the year. Accordingly, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

(b) *Discontinued operation*

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings/(loss) per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively. These loss and share data are presented in the tables in Note 11(a).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

12. Property, plant and equipment

	Valuation	At cost				
	Leasehold office building \$'000	Furniture, equipment and fittings \$'000	Motor vehicles \$'000	Machinery \$'000	Computers \$'000	Total \$'000
Cost or valuation						
At 1 January 2009	8,088	1,655	1,058	281	596	11,678
Additions	9	61	94	–	28	192
Disposals	–	(163)	(142)	(159)	(391)	(855)
Translation difference	(213)	46	9	31	32	(95)
At 31 December 2009	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
Accumulated depreciation and impairment losses						
At 1 January 2009	881	1,349	648	201	357	3,436
Charge for the year	469	127	143	15	48	802
Disposals	–	(113)	(31)	(104)	(258)	(506)
Translation difference	(40)	21	(4)	4	1	(18)
As at 31 December 2009	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)
As at 31 December 2010	1,630	1,299	686	109	158	3,882
Net carrying amount						
As at 31 December 2010	4,501	142	249	–	72	4,964
As at 31 December 2009	6,574	215	263	37	117	7,206

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

12. Property, plant and equipment (Cont'd)

Revaluation of leasehold office building

The leasehold office building has been revalued at AED12.5 million (2009: AED17.0million) (2010: S\$4.5 million, 2009: S\$6.5million equivalent) by an independent firm of professional valuers, Cluttons LLC (2009: Al Reayadh Falcon Real Estate Broker) on 31 December 2010 on the open market basis.

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

	Group	
	2010	2009
	\$'000	\$'000
Cost	3,551	3,551
Accumulated depreciation	(950)	(810)
Translation difference	(542)	(299)
Net carrying value	2,059	2,442

During the Extraordinary General Meeting held on 16 December 2009, the shareholders approved the sale of the leasehold office building in Jebel Ali, United Arab Emirates. Accordingly, the carrying amount of the leasehold office building is classified as current asset as at 31 December. At the date of this report, the Directors are still in the process of securing a potential buyer for the leasehold office building.

Assets held under finance leases

The net book value of motor vehicles of the Group acquired under finance leases amounted to approximately \$167,000 (2009: \$70,000) as at 31 December 2010.

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

13. Subsidiaries

	Company	
	2010	2009
	\$'000	\$'000
(a) Unquoted equity shares, at cost		
At beginning of year	8,868	13,697
Capital injection via commitment to deliver the shares of the Company to settle the conversion option of Convertible Restructured Term Loan and Convertible Revolving Credit Facility of a subsidiary	–	8,700
Reversal of capital injection following non-renewal of DRA (Note 26)	(8,700)	–
	168	22,397
Impairment loss	–	(13,529)
At end of year	168	8,868

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

13. Subsidiaries (Cont'd)

(b) Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Equity held by the Group	
				2010 %	2009 %
*	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
<i>Held by subsidiaries</i>					
**	JEL Distribution (Cambodia) Pte Ltd	Trading and distribution of fast moving consumer goods, consumer electronic, IT, photographic and telecommunication products	Cambodia	100	100

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

13. Subsidiaries (Cont'd)

(b) Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Equity held by the Group	
				2010 %	2009 %
	<i>Held by subsidiaries</i>				
**	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 in Bangladesh.				

14. Associates

	Group	
	2010 \$'000	2009 \$'000
Unquoted shares, at cost	91	91
Share of post-acquisition reserves	(61)	(50)
	<u>30</u>	<u>41</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

14. Associates (Cont'd)

Name of associate	Country of incorporation	Principal activities	Equity held by the Group	
			2010 %	2009 %
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	
	2010 \$'000	2009 \$'000
Assets and liabilities:		
Total assets	185	30
Total liabilities	(152)	(14)
Results:		
Revenue	765	391
Loss for the year	(38)	(69)

15. Trademarks

	Group Trademarks	Company Trademarks
	\$'000	\$'000
Cost		
As at 1 January 2009, 31 December 2009 and 31 December 2010	59	10
Accumulated amortisation		
As at 1 January 2009	49	9
Amortisation for the year	8	1
As at 31 December 2009 and 1 January 2010	57	10
Amortisation for the year	1	–
As at 31 December 2010	58	10
Net carrying value		
As at 31 December 2010	1	–
As at 31 December 2009	2	–

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

16. Deferred tax assets

	Group	
	2010	2009
	\$'000	\$'000
At 1 January	196	202
Credit to statement of comprehensive income	–	(6)
Translation difference	(15)	–
At 31 December	181	196
Deferred tax liabilities		
- excess of net book value over tax written down value of property, plant and equipment	(75)	(81)
Deferred tax assets		
- allowance for doubtful trade receivables	217	235
- allowance for inventory obsolescence	39	42
	181	196

Unrecognised tax losses

At 31 December 2010, the Group has unrecognised tax losses of approximately \$31,347,000 (2009: \$28,312,000) 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 statement of financial position date, no deferred tax liability (2009: 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

17. Financial asset at fair value through profit or loss

	Group and Company	
	2010	2009
	\$'000	\$'000
Quoted equity investment, at fair value	849	1,257

18. Inventories

	Group	
	2010	2009
	\$'000	\$'000
Finished goods	8,002	13,721
Finished goods at net realisable value is stated after deducting allowance for inventory obsolescence of	1,561	475
Movements in allowance for inventory obsolescence during the year were as follows:		
At beginning of year	475	2,161
Allowance made during the year (charge to statement of comprehensive income)	1,600	731
Write-off against allowance	(417)	(2,403)
Translation difference	(97)	(14)
At end of year	1,561	475

19. Trade receivables

	Group	
	2010	2009
	\$'000	\$'000
Trade receivables	6,669	10,144
Less: allowance for doubtful receivables	(2,876)	(4,587)
	3,793	5,557

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 2010, included in trade receivables were receivables from related parties of \$737,000 (2009: \$797,000).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

19. Trade receivables (Cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$783,000 (2009: \$1,677,000) that are past due at the statement of financial position date but not impaired. These receivables are unsecured and the analysis of their aging at the statement of financial position date is as follows:

	Group	
	2010	2009
	\$'000	\$'000
Trade receivables past due:		
Less than 6 months	564	889
6 to 18 months	219	788
	783	1,677

Receivables that are impaired

The Group's trade receivables that are impaired at the statement of financial position date and the movement of the allowance accounts used to record the impairment are as follows:

Trade receivables – nominal amounts	2,968	4,781
Less: Allowance for doubtful receivables	(2,876)	(4,587)
	92	194

Movement in allowance for doubtful receivables:

At 1 January	4,587	8,549
Allowance made for the year	28	34
Write-off against allowance	(1,381)	(3,744)
Write-back of allowance	(89)	(204)
Exchange differences	(269)	(48)
At 31 December	2,876	4,587

Trade receivables that are individually determined to be impaired at the statement of financial position date 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.

Trade receivables are denominated in the following currencies:

	Group	
	2010	2009
United States Dollars	3,784	5,431
Singapore Dollars	9	107
Others	–	19
	3,793	5,557

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

20. Other receivables/other current assets

Other receivables

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Other receivables	1,121	1,841	83	47
Deposits	522	342	393	210
	<u>1,643</u>	<u>2,183</u>	<u>476</u>	<u>257</u>

Other current assets

Advances to suppliers	3,577	433	–	–
Prepayment	347	382	84	142
	<u>3,924</u>	<u>815</u>	<u>84</u>	<u>142</u>

21. Due from/(to) subsidiaries

	Company	
	2010	2009
	\$'000	\$'000
Amounts due from subsidiaries	21,237	16,640
Less: Allowance for doubtful receivables	(10,433)	(10,433)
	<u>10,804</u>	<u>6,207</u>

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

22. Cash and cash equivalents

As at 31 December 2010, cash and cash equivalents includes bank deposits of a subsidiary amounting to approximately \$304,000 (2009: \$329,000) 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% (2009: 1.875%) 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

22. Cash and cash equivalents (Cont'd)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
United States Dollars	1,068	1,874	24	8
Singapore Dollars	93	694	5	31
UAE Dirhams	474	407	–	–
Others	30	42	–	–
	<u>1,665</u>	<u>3,017</u>	<u>29</u>	<u>39</u>

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	
	2010	2009
	\$'000	\$'000
United States Dollars	1,417	1,935
Singapore Dollars	35	35
Japanese Yen	12	–
Others	1	–
	<u>1,465</u>	<u>1,970</u>

24. Other payables and accruals

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Other payables	430	1,232	212	687
Accrued operating expenses	2,249	1,175	920	317
Advances from customers	1,679	245	–	–
	<u>4,358</u>	<u>2,652</u>	<u>1,132</u>	<u>1,004</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

25. Derivative financial instrument

This relates to the fair value changes in the embedded equity conversion option on the RCF and RTL which is stated at fair value through the statement of comprehensive income in the prior year.

Following the non-renewal of the DRA, the lenders no longer have the right to convert the loans to ordinary shares of the Company, and hence the fair value of the derivative financial instrument as at 31 December 2009 has been released to the statement of comprehensive income.

26. Loans and borrowings

On 24 July 2009, 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 is subject to annual renewal.

In the prior financial year, based on the DRA signed, the Group was released from its responsibility for repayment under the previous bills payable by exchanging the bills payable for the RTL and the RCF. The nature of the RTL and RCF were very different from the original bills payable facility granted by the lenders, with substantially different terms and risk profile. Hence, the change was treated as a derecognition of the bills payable and the recognition of new liabilities, the RTL and RCF. The difference in the respective carrying amounts of \$8,435,000 was recognised in the statement of comprehensive income in the prior year.

During the current financial year, the DRA 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 has been presented as current liabilities on the statement of financial position.

The contractual amount of the loans and borrowings as at 31 December 2010 amounts to \$25.8 million. The carrying amount of the loans and borrowings as at 31 December 2010 amounts to \$12.8 million as disclosed in the accounting policies, loans and borrowings are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. As the outcome of the pending Scheme and Subscription Agreement as described in Note 2 have not been concluded, the directors have determined that there is no practical means available to estimate the expected cash outflows other than over the original contractual terms of the RTL and RCF, in applying the effective interest method.

Interest on the RTL and RCF are charged at 2% per annum above the respective lender's cost of fund.

The amortised cost balance of the RTL and RCF as at 31 December is as follows:

	Group	
	2010	2009
	\$'000	\$'000
<u>Current</u>		
Convertible revolving credit facility	4,663	3,776
Convertible restructured term loan	8,136	4,914
	12,799	8,690
<u>Non-current</u>		
Convertible restructured term loan	–	3,440
Total loans and borrowings	12,799	12,130

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

26. Loans and borrowings (Cont'd)

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

	Group	
	2010	2009
	\$'000	\$'000
United States Dollars	12,473	11,778
Japanese Yen	326	352
	12,799	12,130

The loans and borrowings are secured by a fixed and floating charge over the asset of the Company and a subsidiary.

27. Finance lease obligations

The Group has finance leases for certain motor vehicles (Note 12). 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% (2009: 2.52%) 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	Present value of payments	Total minimum lease payments	Present value of payments
	2010	2010	2009	2009
	\$'000	\$'000	\$'000	\$'000
Not later than one year	29	25	45	41
Later than one year but not later than five years	111	98	4	3
Total minimum lease payments	140	123	49	44
Less: Amounts representing finance charges	(17)	-	(5)	-
Present value of minimum lease payments	123	123	44	44

The finance lease obligation is denominated in Singapore Dollars.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

28. Share capital

	Group and Company			
	2010		2009	
	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.

29. Reserves

(a) *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.

(b) *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.

30. 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. Minimum lease payments recognised as an expense in statement of comprehensive income for the financial year ended 31 December 2010 amounted to \$1,590,000 (2009: \$1,675,000).

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

	Group	
	2010	2009
	\$'000	\$'000
Not later than one year	718	747
Later than one year but not later than five years	142	688
	860	1,435

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

30. Commitments and contingencies (Cont'd)

(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.

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

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Not later than one year	1,397	1,258	943	1,026
Later than one year but not later than five years	3,925	4,383	3,653	4,103
Later than five years	120	1,025	–	897
	<u>5,442</u>	<u>6,666</u>	<u>4,596</u>	<u>6,026</u>

31. 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 took place on terms agreed between the parties during the financial year:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Management fees from subsidiaries	–	–	3,089	2,881

(b) *Compensation of key management personnel*

	Group	
	2010	2009
	\$'000	\$'000
Short-term employee benefits	1,308	1,409
Central Provident Fund contributions and other long-term benefits	55	55
Total compensation paid to key management personnel	<u>1,363</u>	<u>1,464</u>
Comprise amounts paid to:		
- Directors of the Company	722	722
- Other key management personnel	641	742
	<u>1,363</u>	<u>1,464</u>

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

32. Financial assets

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss	849	1,257	849	1,257
<i>Loans and receivables</i>				
Trade receivables	3,793	5,557	–	–
Other receivables	1,643	2,183	476	257
Due from subsidiaries	–	–	10,804	6,207
Cash and cash equivalents	1,665	3,017	29	39
	7,101	10,757	11,309	6,503
Total financial assets	7,950	12,014	12,158	7,760

33. Financial liabilities

	Note	Group		Company	
		2010	2009	2010	2009
		\$'000	\$'000	\$'000	\$'000
Derivative financial instrument		–	11,095	–	11,095
<i>Financial liabilities carried at amortised cost</i>					
<i>Current</i>					
Trade payables		1,465	1,970	–	–
Other payables and accruals		2,679	2,407	1,132	1,004
Due to subsidiaries		–	–	15,460	10,163
Loans and borrowings	26	12,799	8,690	–	–
Finance lease obligations		25	41	–	–
<i>Non-current</i>					
Loans and borrowings	26	–	3,440	–	–
Finance lease obligations		98	3	–	–
		17,066	27,646	16,592	22,262

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

34. 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:

	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Group					
2010					
Financial assets:					
Financial assets at fair value through profit or loss					
- Equity instruments (quoted)	17	849	-	-	849
At 31 December 2010		849	-	-	849
2009					
Financial assets:					
Financial assets at fair value through profit or loss					
- Equity instruments (quoted)	17	1,257	-	-	1,257
At 31 December 2009		1,257	-	-	1,257
Financial liabilities:					
Derivatives					
- Derivative financial instrument	25	-	-	11,095	11,095
At 31 December 2009		-	-	11,095	11,095

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).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

34. Fair value of financial instruments (Cont'd)

(a) Fair value of financial instruments that are carried at fair value (Cont'd)

Determination of fair value

Quoted equity instruments (Note 17)

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

Derivative financial instrument

The following table shows the impact on fair value of level 3 financial instruments by using reasonably possible alternative assumptions:

	Carrying amount	Effect of reasonably possible alternative assumptions
	\$'000	\$'000
Group		
2009		
Derivative financial instrument	11,095	166

The fair value of the derivative financial instrument of the RTL and RCF is calculated using Bermudan variable purchase option ("VPO") based on certain assumption of volatility that is not supported by observable market data. The valuation requires management to make estimates about the volatility. In 2009, the Group adjusted the assumptions by 5% from management's estimates, which are considered by the Group to be within a range of reasonable alternatives based on volatility of companies with similar risk profiles.

(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

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

35. 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

35. Segment information (Cont'd)

	IT		Photo		Corporate		Others		Discontinued operations		Adjustments and Eliminations		Per consolidated financial statements		
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Revenue:	54,634	62,716	45,305	71,961	-	-	4,366	6,331	-	1,829	(14,879)	(23,902)	A	89,426	118,915
External customers	-	-	-	-	-	-	-	-	-	-	(3,089)	(2,881)	B	-	-
Inter-segment sales	54,634	62,716	45,305	71,961	3,089	2,881	4,366	6,331	-	1,829	(17,968)	(26,783)		89,426	118,915
Total revenue															
Results:															
Finance income	-	-	-	-	-	-	-	-	-	-	2	2		2	2
Finance expenses	-	-	-	-	-	-	-	-	-	-	(4,692)	(2,354)		(4,692)	(2,354)
Other operating income	(49)	55	(41)	63	1,173	1,115	(4)	6	94	-	-	(94)		1,079	1,239
<i>Non-cash expenses/income:</i>															
Fair value gain on derecognition of financial liabilities	-	-	-	-	-	-	-	-	-	-	-	8,435		-	8,435
Fair value gain/(loss) on derivative financial instrument	-	-	-	-	-	-	-	-	-	-	11,095	(2,395)		11,095	(2,395)
Depreciation and amortisation	(430)	(417)	(270)	(400)	-	-	(13)	(34)	(2)	-	-	-		(713)	(853)
Other non-cash expenses	(202)	(288)	(1,104)	(267)	-	-	(272)	(6)	-	-	-	-	C	(1,578)	(561)
Share of loss of associated companies	-	-	-	-	-	-	-	-	-	-	(12)	(34)		(12)	(34)
Segment (loss)/profit	(1,124)	(93)	(838)	1,790	1,310	(2,679)	262	331	(586)	1,761	1,378			1,371	141
Assets:															
Trade receivables	1,987	2,241	1,658	3,306	-	-	148	10	-	-	-	-		3,793	5,557
Inventories	1,855	2,147	5,935	10,325	-	-	288	1,249	-	(76)	-	-		8,002	13,721
Segment assets	-	-	-	-	-	-	-	-	-	13,257	14,717			13,257	14,717
														25,052	33,995

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

35. Segment information (Cont'd)

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

Notes:

- A. In 2009, the amounts relating to JDSA of \$1,829,000 had been excluded to arrive at amounts shown in the consolidated statement of comprehensive income as they were presented separately in the statement of comprehensive income within one line item, "Loss from discontinued operation, net of tax".
- B. Inter-segment reserves 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	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Africa	2,635	9,901	79	354
Middle East	33,988	51,798	11,831	20,524
Asia	52,288	56,838	13,142	13,117
The Americas	515	378	-	-
	89,426	118,915	25,052	33,995

36. 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

36. Financial risk management objectives and policies (Cont'd)

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.

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 statement of financial position date, 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 statement of financial position date is as follows:

	Group			
	2010		2009	
	\$'000	% of total	\$'000	% of total
By country:				
Vietnam	1,490	39.3	1,712	30.8
Singapore	721	19.0	604	10.9
Kazakhstan	497	13.1	1,506	27.1
U.A.E.	369	9.7	12	0.2
Uzbekistan	205	5.4	666	11.9
Cambodia	106	2.8	81	1.5
Azerbaijan	74	1.9	587	10.6
Bangladesh	41	1.1	38	0.7
Other countries	290	7.7	351	6.3
	3,793	100.0	5,557	100.0

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

36. Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Credit risk concentration profile (Cont'd)

At the statement of financial position date, approximately 52% (2009: 40%) of the Group's trade receivables were due from 4 (2009: 3) major customers who are located in Vietnam, Singapore, U.A.E and Kazakhstan (2009: Vietnam and Kazakhstan).

	Group			
	2010		2009	
	\$'000	% of total	\$'000	% of total
By industry sectors:				
IT	1,987	52.4	2,241	40.3
Photo	1,658	43.7	3,306	59.5
Others	148	3.9	10	0.2
	<u>3,793</u>	<u>100.0</u>	<u>5,557</u>	<u>100.0</u>

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 Note 19 and 20 (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 statement of financial position date, the loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

36. Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the statement of financial position date based on contractual undiscounted payments.

	1 year or less	1 to 5 years	Total
	\$'000	\$'000	\$'000
Group			
2010			
Trade and other payables	4,144	–	4,144
Loans and borrowings ¹	26,301	–	26,301
Finance lease obligations	29	111	140
	<u>30,474</u>	<u>111</u>	<u>30,585</u>
2009			
Trade and other payables	4,377	–	4,377
Loans and borrowings ¹	9,616	8,167	17,783
Finance lease obligations	45	4	49
	<u>14,038</u>	<u>8,171</u>	<u>22,209</u>
	1 year or less	1 to 5 years	Total
	\$'000	\$'000	\$'000
Company			
2010			
Trade and other payables	1,132	–	1,132
Due to subsidiaries	15,460	–	15,460
	<u>16,592</u>	<u>–</u>	<u>16,592</u>
2009			
Trade and other payables	1,004	–	1,004
Due to subsidiaries	10,163	–	10,163
	<u>11,167</u>	<u>–</u>	<u>11,167</u>

¹ The contractual undiscounted payments of the loans and borrowings as at 31 December 2010 consists of the principal amount of \$25,800,000 (2009: \$28,243,000) and interest payable of \$501,000 (2009: \$36,000).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

36. Financial risk management objectives and policies (Cont'd)

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 96% (2009: 97%) of the Group's sales are denominated in foreign currencies whilst almost 64% (2009: 99%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the statement of financial position date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the statement of financial position date, such foreign currency balances (mainly in USD) amounted to \$1,068,000 (2009: \$1,874,000) and \$24,000 (2009: \$8,000) 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 net of tax.

	Group	
	2010	2009
	\$'000	\$'000
USD - strengthened 5% (2009: 5%)	(306)	(1,047)
- weakened 5% (2009: 5%)	306	1,047

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 the Financial Statements

For the Financial Year Ended 31 December 2010

36. 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 \$'000	1 to 2 years \$'000	Total \$'000
2010			
Group			
<i>Floating rate</i>			
Cash assets	1,695	–	1,695
Loans and borrowings	12,799	–	12,799
Finance lease obligations	25	98	123
Company			
<i>Floating rate</i>			
Cash assets	29	–	29
2009			
Group			
<i>Floating rate</i>			
Cash assets	3,017	–	3,017
Loans and borrowings	8,690	3,440	12,130
Finance lease obligations	41	3	44
Company			
<i>Floating rate</i>			
Cash assets	39	–	39

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 statement of financial position date, if USD interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been \$103,000 (2009: \$138,000) 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

37. 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 2010 and 31 December 2009.

	Note	Group	
		2010	2009
		\$'000	\$'000
Trade and other payables	23, 24	5,823	4,622
Finance lease obligations	27	123	44
Less: Cash and bank balances		(1,665)	(3,017)
Net debt		<u>4,281</u>	<u>1,649</u>
Equity attributable to the equity holders of the parent			
Total capital		<u>6,144</u>	<u>5,962</u>
Capital and net debt		<u>10,425</u>	<u>7,611</u>
Gearing ratio		<u>41%</u>	<u>22%</u>

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 1 April 2011.

Statistics of Shareholdings

As at 28 March 2011

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	S\$26,629,000
Number of Shares	:	395,179,985
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	175	8.12	82,238	0.02
1,000 - 10,000	384	17.81	2,105,396	0.53
10,001 - 1,000,000	1,567	72.68	112,715,893	28.52
1,000,001 AND ABOVE	30	1.39	280,276,458	70.93
TOTAL	2,156	100.00	395,179,985	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAN BOON YONG ERIC	158,204,800	40.03
2	GOI SENG HUI	41,500,000	10.50
3	KOH BOON HWEE	12,500,000	3.16
4	DBS NOMINEES PTE LTD	7,076,600	1.79
5	LIM SZE WEE	6,079,000	1.54
6	OCBC SECURITIES PRIVATE LTD	5,475,310	1.39
7	PHILLIP SECURITIES PTE LTD	5,279,918	1.34
8	CITIBANK NOMINEES SINGAPORE PTE LTD	4,861,500	1.23
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,981,100	1.01
10	ANG YU SENG	3,130,000	0.79
11	GOH SHIN PING CHIRAPORN	2,600,000	0.66
12	HO LILY	2,550,000	0.65
13	HUANG YOUXIANG	2,500,000	0.63
14	OCBC NOMINEES SINGAPORE PTE LTD	2,471,260	0.63
15	LIM & TAN SECURITIES PTE LTD	2,091,720	0.53
16	LIM KIM HUAT	2,000,000	0.51
17	SOH ENG TAI	1,959,000	0.50
18	CHIA MENG TECK	1,800,000	0.46
19	DBS VICKERS SECURITIES (S) PTE LTD	1,417,100	0.36
20	CITIBANK CONSUMER NOMINEES PTE LTD	1,412,500	0.36
	TOTAL	268,889,808	68.07

Statistics of Shareholdings

As at 28 March 2011

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of shares	%	No. of shares	%	No. of shares	%
TAN BOON YONG ERIC	158,204,800	40.03%	–	0.00%	158,204,800	40.03%
GOI SENG HUI	41,500,000	10.50%	–	0.00%	41,500,000	10.50%

SHAREHOLDINGS HELD BY THE PUBLIC

As at 28th March 2011, approximately 49.4% 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 Tuesday, 26 April 2011 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 2010 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 Ee Guan Hui, Gilbert **(Resolution 2)**
Mr Lee Choon Hui, Francis **(Resolution 3)**

Mr Lee Choon Hui, Francis will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Company, Chairman of the Nominating Committee and as a member of the Audit Committee/Remuneration Committee and will be considered independent.
3. To approve the payment of ad-hoc Directors' fees amounting to S\$75,000 for the financial year ended 31 December 2010. (2009: S\$75,000) **(Resolution 4)**
4. To approve the payment of Directors' fees amounting to S\$200,000 for the year ending 31 December 2011, to be paid quarterly in arrears. (2010: S\$200,000) **(Resolution 5)**
5. 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 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. Authority to issue shares

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

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

Notice of Annual General Meeting

- (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,

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 Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (**excluding treasury shares**) shall be based on the total number of issued shares (**excluding treasury shares**) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of any convertible securities;
- (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 7)**

8. 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 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 8)

Notice of Annual General Meeting

By Order of the Board

Tan Cher Liang
Lee Tiong Hock
Company Secretaries
Singapore, 11 April 2011

Explanatory Notes:

- (i) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (**excluding treasury shares**) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

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

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint 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)

PROXY FORM

(Please see notes overleaf before completing this Form)

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.

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 on Tuesday, 26 April 2011 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2010		
2	Re-election of Ee Guan Hui, Gilbert as a Director		
3	Re-election of Lee Choon Hui, Francis as a Director		
4	Approval of ad-hoc Directors' fees amounting to S\$75,000 for the year ended 31 December 2010		
5	Approval of Directors' fees amounting to S\$200,000 for the year ending 31 December 2011, to be paid quarterly in arrears		
6	Re-appointment of Ernst & Young LLP as Auditors		
7	Authority to issue new shares		
8	Authority to issue shares under the JEL Employees' Share Option Scheme		

Dated this _____ day of _____ 2011

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

Signature of Shareholder(s)

or, Common Seal of Corporate Shareholder



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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