

The background features a light blue grid. On the left side, there is a stylized bar chart with several vertical bars of varying heights, some in dark blue and others in light grey. A dark blue horizontal band runs across the middle of the page, containing the title text. Below this band, there is a large, faint graphic of a globe with a grid overlay, and a pattern of rounded squares with internal lines, resembling a circuit board or a data grid.

**FINANCIAL STATEMENTS
AND NOTES**

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2002.

DIRECTORS

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

- Esmond Tjingoean Goei – Chairman (appointed on 22 November 2002)
- Aston Chiu Sin Nang – Chief Executive Officer (appointed on 1 November 2002)
- Chua Kee Lock
Ho Ying Dat (appointed on 22 November 2002)
- Kwa Lay Keng
Kwah Thiam Hock (appointed on 18 October 2002)
- Teng Theng Dar (appointed on 31 January 2003)

In accordance with Articles 100 and 101 of the Company's Articles of Association, Kwa Lay Keng retires by rotation and, being eligible, offers herself for re-election.

In accordance with the provisions of Article 104 of the Company's Articles of Association, Esmond Tjingoean Goei, Aston Chiu Sin Nang, Ho Ying Dat, Kwah Thiam Hock and Teng Theng Dar retire and, being eligible, offer themselves for re-election.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are to carry on business as system integrator and specialised distributor of telecommunication and datacommunication products. There have been no significant changes in the nature of their activities during the financial year.

RESULTS FOR THE FINANCIAL YEAR

| | The Group S\$'000 | The Company S\$'000 |
|-----------------------|----------------------|------------------------|
| Net loss for the year | (5,366) | (10,094) |

UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

MATERIAL MOVEMENTS IN RESERVES AND PROVISIONS

The following net transfers have been made to/(from) reserves :

| | The Group S\$'000 | The Company S\$'000 |
|---|----------------------|------------------------|
| Accumulated losses: | | |
| Set-off against share capital due to capital reduction | 8,000 | 8,000 |
| Foreign currency translation reserve : | | |
| Exchange differences arising from translation of foreign subsidiaries | 185 | – |
| Capital reserve on detachable warrants : | | |
| Deemed value of warrants transfer to accumulated losses | 5,497 | 5,497 |

There were no other material transfers to or from provisions during the financial year except for normal amounts recognised as an expense for such items as amortisation and depreciation of non-current assets and provisions for doubtful debts and inventory obsolescence as shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company carried out a capital reduction exercise to reduce the nominal value of its ordinary shares from S\$0.10 to S\$0.05 each :

- (a) The authorised share capital has been reduced from S\$50,000,000 divided into 500,000,000 ordinary shares of S\$0.10 each to S\$25,000,000 divided into 500,000,000 ordinary shares of S\$0.05 each; and
- (b) The issued and paid-up capital has been reduced from S\$16,000,000 divided into 160,000,000 ordinary shares of S\$0.10 each to S\$8,000,000 divided into 160,000,000 ordinary shares of S\$0.05 each.

The purpose of the capital reduction exercise is to cancel part of the Company's accumulated losses amounting to S\$8,000,000. The capital reduction was confirmed by the High Court of Singapore on 14 August 2002.

Subsequent to the capital reduction, the Company :

- (i) increased its authorised share capital from S\$25,000,000 divided into 500,000,000 ordinary shares of S\$0.05 each to S\$50,000,000 divided into 1,000,000,000 ordinary shares of S\$0.05 each; and
- (ii) issued 320,000,000 new ordinary shares of S\$0.05 each at S\$0.07 per share for cash through a rights issue exercise on the basis of two rights shares for every one existing ordinary shares of S\$0.05 each held in the capital of the Company.

The proceeds from the rights issue, net of expenses, have been utilised to partially repay the bonds and to provide for additional working capital.

Other than the share issues disclosed above, the Company or its subsidiaries did not issue any shares or debentures during the financial year.

SHARE OPTIONS OF THE COMPANY

In 1999, the Company implemented the Teledata Share Option Scheme ("the Scheme") to allow the issuance of Options to take up unissued ordinary shares of the Company. These options, when added to the number of shares issued and issuable in respect of all Options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the date immediately preceding the offer date of the Option ("Offer Date").

The life of the Scheme is five years and Options shall only be exercisable after the first anniversary of the Offer Date or such longer period (in the case of an Option for exercise price at no discount) or after the second anniversary or such longer period (in the case of an Option for exercise price at a discount), provided always that the Options shall be exercised before the tenth anniversary of the relevant Offer Date or such other shorter period as determined by a committee of directors of the Company duly authorised to administer the Scheme.

As at the financial year-end, details of Options for unissued ordinary shares of S\$0.05* each granted under the Scheme were as follows :

| Date of grant | Balance at 1.1.2002 | Adjusted for rights issue | Granted during the year | Cancelled during the year | Balance at 31.12.2002 | Exercise price | Exercisable period |
|---------------|---------------------|---------------------------|-------------------------|---------------------------|-----------------------|----------------|----------------------|
| 28.10.1999 | 2,016,000 | 437,000 | – | (1,235,000) | 1,218,000 | S\$0.267** | 28.10.00 to 27.10.09 |
| 10.11.2000 | 800,000 | – | – | (800,000) | – | | |
| 10.11.2000 | 3,445,000 | 711,000 | – | (2,177,000) | 1,979,000 | S\$0.297** | 10.11.01 to 09.11.10 |
| 11.05.2001 | 400,000 | 84,000 | | (250,000) | 234,000 | S\$0.154** | 11.05.02 to 10.05.11 |
| 01.11.2002 | – | – | 1,200,000 | – | 1,200,000 | S\$0.062 | 01.11.03 to 31.10.12 |
| 01.11.2002 | – | – | 1,200,000 | – | 1,200,000 | S\$0.062 | 01.11.04 to 31.10.12 |
| 01.11.2002 | – | – | 1,200,000 | – | 1,200,000 | S\$0.062 | 01.11.05 to 31.10.12 |
| 01.11.2002 | – | – | 1,200,000 | – | 1,200,000 | S\$0.062 | 01.11.06 to 31.10.12 |
| 11.11.2002 | – | – | 4,734,000 | – | 4,734,000 | S\$0.060 | 11.11.03 to 10.11.12 |
| 11.11.2002 | – | – | 9,468,000 | – | 9,468,000 | S\$0.060 | 11.11.04 to 10.11.12 |
| | <u>6,661,000</u> | <u>1,232,000</u> | <u>19,002,000</u> | <u>(4,462,000)</u> | <u>22,433,000</u> | | |

* The nominal value of the ordinary shares has been reduced from S\$0.10 to S\$0.05 each through capital reduction which was confirmed by the High Court of Singapore on 14 August 2002.

** Exercise price has been adjusted due to rights issue.

SHARE OPTIONS OF THE COMPANY (cont'd)

(a) The members of the committee administering the Scheme are :

Esmond Tjingoean Goei
 Ho Ying Dat
 Kwa Lay Keng
 Kwah Thiam Hock

(b) Options granted to directors of the Company are as follows :

| Name of director | Options as at 1.1.2002 | Adjusted for rights issue | Options granted in 2002 | Aggregate options granted since commencement of scheme to 31.12.2002 | Aggregate options exercised since commencement of scheme to 31.12.2002 | Aggregate options outstanding as at 31.12.2002 |
|---------------------|------------------------|---------------------------|-------------------------|--|--|--|
| Aston Chiu Sin Nang | – | – | 4,800,000 | 4,800,000 | – | 4,800,000 |
| Chua Kee Lock | – | – | 498,000 | 498,000 | – | 498,000 |
| Kwa Lay Keng | 80,000 | 45,000 | 498,000 | 623,000 | – | 623,000 |
| Kwah Thiam Hock | – | – | 252,000 | 252,000 | – | 252,000 |
| | 80,000 | 45,000 | 6,048,000 | 6,173,000 | – | 6,173,000 |

(c) There are no participants who are controlling shareholders of the Company.

(d) There are no participants who have received 5% or more of the total number of options available under the Scheme.

(e) The options granted during the financial year were made with no discount to the market price.

(f) The Scheme is available to employees of the Company and its subsidiaries.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the financial year, the Company disposed off its interest in the following subsidiary :

| Name of subsidiary | Interest disposed | Net assets disposed S\$'000 | Net proceeds S\$'000 |
|--------------------|-------------------|-----------------------------|----------------------|
| IntraWave Pte Ltd | 51% | 958 | 5,021 |

During the financial year, the following subsidiary was acquired by Teledata International Pte Ltd :

| Name of subsidiary | Interest acquired | Net assets acquired | Consideration |
|-----------------------------------|-------------------|---------------------|---------------|
| Teledata China Investment Pte Ltd | 100% | S\$2 | S\$2 |

Other than as disclosed above, there were no acquisitions or disposals of subsidiaries during the financial year.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end nor at any time during the financial year was the Company a party to any arrangement 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, the Company's holding company, Intraco Limited, or any other body corporate, other than the options that may be granted under the Intraco Limited Executives Share Option Scheme and the Teledata Share Option Scheme implemented by the holding company and the Company respectively.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors 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 Singapore Companies Act, an interest in the shares of the Company and related corporations as stated below :

| Name of directors | Holdings registered in name of director | |
|---|--|------------------|
| | At 1.1.2002 | At 31.12.2002 |
| <i>Share options to subscribe for ordinary shares of S\$0.05* each in the Company</i> | | |
| Aston Chiu Sin Nang | – | 4,800,000 |
| Chua Kee Lock | – | 498,000 |
| Kwa Lay Keng | 80,000 | 623,000 |
| Kwah Thiam Hock | – | 252,000 |

* The nominal value of the ordinary shares has been reduced from S\$0.10 to S\$0.05 each through capital reduction during the year.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2003.

DIRECTORS' CONTRACTUAL BENEFITS

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 except for directors' remuneration as disclosed in Note 21 to the financial statements.

DIVIDENDS

No dividend was paid in respect of the previous year and no dividend was paid, declared or recommended for the financial year under review.

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts if any have been written-off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amount written-off or provided for bad and doubtful debts in the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss account and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or adequate provision had been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Since the end of the financial year, and up to the date of this report, no charge on the assets of the Company or any company in the Group has arisen which secures the liabilities of any other person and no contingent liability has arisen.

ABILITY TO MEET OBLIGATIONS

No contingent liability or other liability of the Company or any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

UNUSUAL ITEMS AFTER THE FINANCIAL YEAR

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

AUDITORS

The financial statements have been audited by Messrs Ernst & Young who will retire at the forthcoming Annual General Meeting and do not offer themselves for re-appointment. A resolution for the appointment of Messrs KPMG as auditors of the Company for the ensuing year is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board,

Esmond Tjingoean Goei
Chairman

Aston Chiu Sin Nang
Chief Executive Officer

Singapore, 28 February 2003

STATEMENT BY THE DIRECTORS

We, **Esmond Tjingoean Goei** and **Aston Chiu Sin Nang**, being two of the directors of **Teledata (Singapore) Limited**, do hereby state that, in the opinion of the directors :

- (a) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated cash flows statement together with the notes thereto, set out on pages 28 to 58, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2002, and of the results of the business and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors authorised these financial statements for issue on 28 February 2003.

On behalf of the Board,

Esmond Tjingoean Goei
Chairman

Aston Chiu Sin Nang
Chief Executive Officer

Singapore, 28 February 2003

We have audited the financial statements of Teledata (Singapore) Limited (the "Company") set out on pages 28 to 58. The financial statements comprise the balance sheets of the Company and of the Company and its subsidiaries (the "Group") as at 31 December 2002, and the profit and loss accounts and statements of changes in equity of the Company and of the Group and the cash flow statement of the Group for the year ended 31 December 2002, and notes thereto. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of :
 - (i) the state of affairs of the Company and of the Group as at 31 December 2002, and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in Note 6 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore, 28 February 2003

BALANCE SHEETS

as at 31 December 2002

| | Note | The Group | | The Company | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| NON-CURRENT ASSETS | | | | | |
| Plant and equipment, net | 4 | 3,787 | 37,897 | 2,464 | 3,445 |
| Intangible assets, net | 5 | 1,101 | 1,421 | – | – |
| Investments in subsidiaries | 6 | – | – | 2,406 | 5,446 |
| Investments in associated companies | 7 | – | – | – | – |
| Other investments | 8 | 1,192 | 2,892 | 1,192 | 2,892 |
| CURRENT ASSETS | | | | | |
| Inventories, net | 9 | 4,994 | 12,804 | 2,386 | 3,993 |
| Projects-in-progress | 10 | 3,006 | 2,713 | 898 | 543 |
| Trade receivables, net | 11 | 12,098 | 20,517 | 10,260 | 19,137 |
| Other receivables, net | 12 | 1,105 | 1,795 | 3,797 | 13,507 |
| Cash and cash equivalents | 13 | 5,797 | 12,122 | 3,575 | 7,860 |
| | | 27,000 | 49,951 | 20,916 | 45,040 |
| Less | | | | | |
| CURRENT LIABILITIES | | | | | |
| Projects-in-progress | 10 | 126 | 2,554 | – | – |
| Trade payables | 14 | 8,522 | 16,923 | 6,687 | 10,907 |
| Other payables | 15 | 2,603 | 5,728 | 1,691 | 2,363 |
| Interest bearing loans and borrowings | 16 | 628 | 40,489 | 600 | 38,790 |
| Income tax payable | | 19 | 60 | – | – |
| | | 11,898 | 65,754 | 8,978 | 52,060 |
| NET CURRENT ASSETS/(LIABILITIES) | | 15,102 | (15,803) | 11,938 | (7,020) |
| NON-CURRENT LIABILITIES | | | | | |
| Interest bearing loans and borrowings | 16 | (1,808) | (21,692) | (1,794) | (549) |
| Deferred tax liabilities | 24 | – | – | – | – |
| | | (1,808) | (21,692) | (1,794) | (549) |
| NET ASSETS | | 19,374 | 4,715 | 16,206 | 4,214 |
| EQUITY | | | | | |
| Issued share capital | 17 | 24,000 | 16,000 | 24,000 | 16,000 |
| Capital reserves | 18 | 6,086 | 5,500 | 6,086 | 5,497 |
| Foreign currency translation reserve | 18 | (48) | (233) | – | – |
| Dividend reserve | | – | – | – | – |
| Accumulated losses | | (10,664) | (18,798) | (13,880) | (17,283) |
| | | 19,374 | 2,469 | 16,206 | 4,214 |
| Minority interests | | – | 2,246 | – | – |
| TOTAL EQUITY | | 19,374 | 4,715 | 16,206 | 4,214 |

The accounting policies and explanatory notes on pages 33 through 58 form an integral part of the financial statements.

PROFIT AND LOSS ACCOUNTS

For the year ended 31 December 2002

| | Note | The Group | | The Company | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Revenue | 19 | 64,334 | 67,234 | 18,686 | 28,323 |
| Cost of sales | | (48,490) | (49,466) | (12,340) | (21,137) |
| Gross Profit | | 15,844 | 17,768 | 6,346 | 7,186 |
| Other income | 20 | 163 | 137 | 1,463 | 2,116 |
| Distribution costs | | (12,803) | (15,777) | (6,681) | (8,339) |
| Administrative costs | | (3,271) | (4,990) | (10,014) | (8,068) |
| Other operating costs | | (8,920) | (12,208) | (2,875) | (6,485) |
| Total operating costs | 21 | (24,994) | (32,975) | (19,570) | (22,892) |
| Loss from operating activities | | (8,987) | (15,070) | (11,761) | (13,590) |
| Finance costs | 22 | (1,125) | (2,007) | (1,181) | (2,069) |
| Share of profits less (losses) of associated companies | | - | (46) | - | - |
| Loss from operations before income tax, minority interests and exceptional items | | (10,112) | (17,123) | (12,942) | (15,659) |
| Exceptional items | 23 | 4,719 | 488 | 2,937 | (4,351) |
| Loss from operations before income tax and minority interests | | (5,393) | (16,635) | (10,005) | (20,010) |
| Income tax | 24 | (87) | 449 | (89) | 608 |
| Loss from operations after income tax and before minority interests | | (5,480) | (16,186) | (10,094) | (19,402) |
| Minority interests, net of income tax | | 114 | 118 | - | - |
| Net loss attributable to members of the Company | | (5,366) | (16,068) | (10,094) | (19,402) |
| Basic loss per share (cents) | 25 | (2.24) | (10.04) | | |
| Diluted loss per share (cents) | 25 | (2.24) | (10.04) | | |

The accounting policies and explanatory notes on pages 33 through 58 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2002

| | Note | The Group | | The Company | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Issued share capital | 17 | | | | |
| Balance, beginning of year | | 16,000 | 16,000 | 16,000 | 16,000 |
| Capital reduction | | (8,000) | – | (8,000) | – |
| Rights issue | | 16,000 | – | 16,000 | – |
| Balance, end of year | | 24,000 | 16,000 | 24,000 | 16,000 |
| Capital reserves | | | | | |
| Share premium | | | | | |
| Balance, beginning of year | | – | – | – | – |
| Share premium on the rights issue | | 6,400 | – | 6,400 | – |
| Rights issue expenses* | | (314) | – | (314) | – |
| Balance, end of year | | 6,086 | – | 6,086 | – |
| Deemed value of warrants | | | | | |
| Balance, beginning of year | | 5,497 | 5,497 | 5,497 | 5,497 |
| Transfer to accumulated losses upon expiry of warrants on 3 June 2002 | | (5,497) | – | (5,497) | – |
| Balance, end of year | | – | 5,497 | – | 5,497 |
| Negative goodwill arising on consolidation | | | | | |
| Balance, beginning of year | | 3 | 3 | – | – |
| Transfer to accumulated losses | | (3) | – | – | – |
| Balance, end of year | | – | 3 | – | – |
| Total, end of year | 18 | 6,086 | 5,500 | 6,086 | 5,497 |
| Foreign currency translation reserve | | | | | |
| Balance, beginning of year | | (233) | (3) | – | – |
| Foreign currency translation adjustment for the year | | 185 | (230) | – | – |
| Balance, end of year | 18 | (48) | (233) | – | – |
| Dividend reserve | | | | | |
| Balance, beginning of year | | – | 121 | – | 121 |
| Dividend paid | | – | (121) | – | (121) |
| Balance, end of year | | – | – | – | – |
| Accumulated (losses)/profits | | | | | |
| Balance, beginning of year | | (18,798) | (2,730) | (17,283) | 2,119 |
| Capital reduction | 17 | 8,000 | – | 8,000 | – |
| Transfer from capital reserves | | 5,500 | – | 5,497 | – |
| Net loss for the year | | (5,366) | (16,068) | (10,094) | (19,402) |
| Balance, end of year | | (10,664) | (18,798) | (13,880) | (17,283) |
| Total equity | | 19,374 | 2,469 | 16,206 | 4,214 |

* Rights issue expenses included non-audit service fee of S\$40,000 which was paid to auditors of the Company.

The accounting policies and explanatory notes on pages 33 through 58 form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2002

| | 2002 S\$'000 | 2001 S\$'000 |
|--|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss from operations before income tax and minority interests | (5,393) | (16,635) |
| Adjustments for : | | |
| Depreciation of plant and equipment | 1,498 | 1,522 |
| Loss on disposals of plant and equipment | 102 | 184 |
| Plant and equipment written-off | 209 | 452 |
| Amortisation of intangible assets | 73 | 294 |
| Impairment loss on intangible assets | 247 | 1,433 |
| Gain on disposal of a subsidiary | (4,063) | – |
| Gain on disposal of an investment | (1,387) | (1,253) |
| Other investment written-off | – | 765 |
| Amortisation of bond discount | 557 | 1,306 |
| Share of associated companies' net losses | – | 46 |
| Foreign currency translation differences | 231 | 54 |
| | (7,926) | (11,832) |
| Operating cash flow before working capital changes | (7,926) | (11,832) |
| Decrease in trade receivables | 8,343 | 15,037 |
| Decrease in other receivables | 654 | 962 |
| Decrease in inventories and projects-in-progress | 5,089 | 10,228 |
| Decrease in trade payables | (5,861) | (7,044) |
| Decrease in other payables | (66) | (3,067) |
| | 233 | 4,284 |
| Cash generated from operations | 233 | 4,284 |
| Income tax paid | (128) | (604) |
| | 105 | 3,680 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of plant and equipment | (6,653) | (21,415) |
| Proceeds from disposal of plant and equipment | 250 | 239 |
| Investment in subsidiary | – | (100) |
| Investment in associated company | – | (249) |
| Acquisition of subsidiary, net of cash acquired | – | 492 |
| Disposal of a subsidiary, net of cash disposed | 4,845 | – |
| Proceeds from disposal of an investment | 3,087 | 1,829 |
| | 1,529 | (19,204) |
| Net cash from/(used in) investing activities | 1,529 | (19,204) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | – | (121) |
| Increase/(decrease) in non-trade amount due to holding company | 2,305 | (1,173) |
| Proceeds from issuance of share capital by subsidiary | – | 980 |
| (Decrease)/increase in finance lease liabilities | (433) | 575 |
| (Decrease)/increase in bank loans and borrowings | (1,917) | 29,580 |
| Proceeds from rights issue, net of expenses | 22,086 | – |
| Repayment of unsecured bonds | (30,000) | – |
| | (7,959) | 29,841 |
| Net cash flow (used in)/from financing activities | (7,959) | 29,841 |
| Net (decrease)/increase in cash and cash equivalents | (6,325) | 14,317 |
| Cash and cash equivalents at the beginning of year (Note 13) | 12,122 | (2,195) |
| | 5,797 | 12,122 |
| Cash and cash equivalents at the end of year (Note 13) | 5,797 | 12,122 |

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2002 (cont'd)

The disposal of IntraWave Pte Ltd has been shown in the consolidated cash flow statement as a single item. The effect on the individual assets and liabilities is set out below :

S\$'000

Net assets disposed off :

| | |
|---|--------------|
| Cash and bank balance | 176 |
| Plant and equipment | 38,663 |
| Trade receivables | 76 |
| Other receivables | 35 |
| Trade payables | (2,540) |
| Shareholders' loan | (5,259) |
| Finance lease liabilities | (12) |
| Bank loan | (27,940) |
| Other payables | (105) |
| | <hr/> |
| Net assets | 3,094 |
| Less: Minority interest | (2,136) |
| | <hr/> |
| Net assets relating to the disposal of the remaining 51% interest | 958 |
| Gain on disposal of subsidiary | 4,063 |
| | <hr/> |
| Net proceeds from the disposal of subsidiary | 5,021 |
| Less: Cash and bank balance disposed | (176) |
| | <hr/> |
| Net cash inflow from the disposal of subsidiary | 4,845 |

The accounting policies and explanatory notes on pages 33 through 58 form an integral part of the financial statements.

1. CORPORATE INFORMATION

The financial statements of Teledata (Singapore) Limited (the "Company") for the year ended 31 December 2002 were authorised for issue in accordance with a resolution of the directors on 28 February 2003.

The Company is a limited liability company incorporated in Singapore. Its immediate and ultimate holding company is Intraco Limited, which is also incorporated in Singapore.

The principal place of business of Teledata (Singapore) Limited is located at 10 Dundee Road #06-01 Setron Building, Singapore 149455.

The principal activities of the Company and its subsidiaries are to carry on business as system integrator and specialised distributor of telecommunication and datacommunication products. There have been no significant changes in the nature of these activities during the financial year.

The Group operates in 7 countries. The Group and the Company had 304 and 127 employees as of 31 December 2002 (2001 : 369 and 150 employees), respectively.

2. CHANGE IN ACCOUNTING POLICY

On 1 January 2002, the Group adopted the following accounting standard on its effective date:

SAS 12 (2001): *Income Taxes*

In compliance with the revised SAS 12 (2001), a deferred tax liability is recognised for all taxable temporary differences, including those arising on revalued depreciable property. Previously, a deferred tax liability was recognised for timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future.

The adoption of the revised SAS 12 (2001) has no impact on the financial statements of the Group and of the Company for the previous and current financial years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

The financial statements have been prepared on a historical cost basis and in accordance with Singapore Statements of Accounting Standard and applicable provisions of the Singapore Companies Act.

The accounting policies applied by the Company, except for the adoption of the revised SAS 12 (2001) discussed more fully above, are consistent with those used in the previous year.

The financial statements are presented in Singapore Dollars (S\$).

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries, after the elimination of all material inter-company transactions. The equity and net profit attributable to minority shareholders' interests are shown separately in the consolidated balance sheet and consolidated profit and loss account respectively.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Acquisitions of subsidiaries are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, which ends 31 December. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Plant and equipment

Cost

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. All items of plant and equipment are initially recorded at cost.

The initial cost of plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of plant and equipment.

Depreciation

Depreciation is computed on a straight line basis over their estimated useful lives. Depreciation of equipment on rental under development commences when the equipment is available for rental. The annual rates used for this purpose are :

| | | |
|------------------------|---|--------------|
| Motor vehicles | – | 3 - 6 years |
| Office equipment | – | 4 - 10 years |
| Workshop equipment | – | 8 - 10 years |
| Furniture and fittings | – | 10 years |
| Renovations | – | 6 years |
| Equipment on rental | – | 3 - 20 years |

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of plant and equipment. An assessment of the carrying value of plant and equipment is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

Fully depreciated 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.

(d) Intangibles

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary or an associated company at the date of acquisition. Goodwill is amortised using the straight-line method over a 20-year period that benefits are expected to be received.

At each balance sheet date, the Company assessed whether there is any indication of impairment. If any indication exists, the amount is estimated and the intangible asset is written-down.

(e) Subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investments in subsidiaries are stated at cost less any impairment loss in the Company's balance sheet. An assessment of investments in subsidiaries is performed when there is indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.

(f) Investments in associated companies

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(f) Investments in associated companies (cont'd)**

The Group's investments in associated companies are recorded at cost and adjusted to recognise the Group's share of the net assets of the associated companies at the date of acquisition.

The Group's share of the results of associated companies is included in the consolidated profit and loss accounts. The Group's share of the post-acquisition reserves of associated companies is included in the investments in the consolidated balance sheet. Where the audited financial statements are not co-terminous with those of the Group, the share of profits is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period.

Investment cost in associated companies are stated in the Company's balance sheet at cost and provision is made for impairment in values.

(g) Investments

Investments held on a long-term basis are stated at cost less any impairment loss.

(h) Projects-in-progress

Projects-in-progress comprise direct expenditure plus a proportion of estimated profits earned to-date and an appropriate portion of overhead, less progress billings. Percentage of completion method is used for accounting for long-term projects. Provision, in full, is made for all losses expected to arise on completion of projects regardless of stages of completion at the balance sheet date.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted-average basis and includes all costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale. Provision is made where necessary for slow-moving and obsolete inventories.

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoiced amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Amounts due from related companies are recognised and carried at cost less an allowance for any uncollectible amounts.

(k) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

(l) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income or as a revaluation increase. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(m) Trade and other payables**

Liabilities for trade and other amounts payable, which are settled on 30-90 day terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Amounts due to related companies are carried at cost.

(n) 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(o) Leases

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments at the inception of the lease term and disclosed as leased property, plant and equipment. 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 directly against profit and loss account.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

(p) Income taxes

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

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

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(q) 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. The following specific recognition criteria must also be met before revenue is recognised :

- (i) Revenue from the sale of products is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.
- (ii) Revenue from projects is recognised in the financial statements using the percentage of completion method by reference to physical progress of each project.
- (iii) Interest income is recognised as the interest accrues unless collectibility is in doubt.

(r) Foreign currencies translation

Transactions in foreign currencies are recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated into the respective measurement currencies at exchange rates ruling at balance sheet date. All resultant exchange differences are recognised in the profit and loss account.

Assets and liabilities of foreign entities are translated into S\$ equivalents at exchange rates ruling at balance sheet date. Revenues and expenses are translated at average exchange rates for the year. All resultant exchange differences are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the profit and loss account as a component of the gain or loss on disposal.

(s) Employee benefits

Pensions and other post employment benefits

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 national pension schemes are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

Employee share incentive plan

The Company also has an employee share incentive plan for the granting of non-transferable options. No compensation cost is recognised upon granting or the exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium accordingly.

(t) Government grant

Grants and subsidies from the government are recognised at their fair value where there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. Grant or subsidy relating to an expense item is recognised as income over the periods necessary to match them on a systematic basis to the costs which it is intended to compensate.

(u) Borrowing costs

Borrowing costs are expensed as incurred.

4. PLANT AND EQUIPMENT

| | Motor vehicles S\$'000 | Office equipment S\$'000 | Workshop equipment S\$'000 | Furniture & fittings S\$'000 | Renovations S\$'000 | Equipment on rental S\$'000 | Work-in progress S\$'000 | Total S\$'000 |
|---|------------------------------|--------------------------------|----------------------------------|------------------------------------|------------------------|-----------------------------------|--------------------------------|------------------|
| The Group | | | | | | | | |
| Cost | | | | | | | | |
| Balance at beginning of year | 1,182 | 4,790 | 216 | 1,622 | 1,172 | 34,668 | 800 | 44,450 |
| Foreign currency translation adjustments | (5) | (38) | (4) | (21) | (8) | (1) | – | (77) |
| Additions | 49 | 379 | 65 | 31 | 21 | 6,108 | – | 6,653 |
| Disposals | (265) | (227) | – | (6) | – | (4) | – | (502) |
| Written-off | – | (220) | – | (7) | (25) | (50) | – | (302) |
| Due to disposal of subsidiary | (22) | (96) | – | (11) | – | (38,602) | – | (38,731) |
| Reclassification | – | 800 | – | – | – | – | (800) | – |
| Balance at end of year | 939 | 5,388 | 277 | 1,608 | 1,160 | 2,119 | – | 11,491 |
| Accumulated depreciation | | | | | | | | |
| Balance at beginning of year | 527 | 2,378 | 119 | 790 | 969 | 1,770 | – | 6,553 |
| Foreign currency translation adjustments | (4) | (15) | (2) | (8) | (6) | (1) | – | (36) |
| Charge for the year | 142 | 789 | 45 | 189 | 95 | 238 | – | 1,498 |
| Disposals | (87) | (58) | – | (5) | – | – | – | (150) |
| Written-off | – | (66) | – | (1) | (10) | (16) | – | (93) |
| Due to disposal of subsidiary | (9) | (56) | – | (3) | – | – | – | (68) |
| Balance at end of year | 569 | 2,972 | 162 | 962 | 1,048 | 1,991 | – | 7,704 |
| Charge for 2001 | 168 | 807 | 31 | 196 | 180 | 196 | – | 1,578 |
| Net book value | | | | | | | | |
| At end of year | 370 | 2,416 | 115 | 646 | 112 | 128 | – | 3,787 |
| At beginning of year | 655 | 2,412 | 97 | 832 | 203 | 32,898 | 800 | 37,897 |

4. PLANT AND EQUIPMENT (cont'd)

| | Motor vehicles S\$'000 | Office equipment S\$'000 | Workshop equipment S\$'000 | Furniture & fittings S\$'000 | Renovations S\$'000 | Equipment on rental S\$'000 | Work-in progress S\$'000 | Total S\$'000 |
|---------------------------------|------------------------------|--------------------------------|----------------------------------|------------------------------------|------------------------|-----------------------------------|--------------------------------|------------------|
| The Company | | | | | | | | |
| Cost | | | | | | | | |
| Balance at beginning of year | 730 | 3,100 | 50 | 834 | 963 | 2,056 | 800 | 8,533 |
| Additions | 30 | 129 | – | – | 20 | 39 | – | 218 |
| Disposals | (265) | – | – | – | – | – | – | (265) |
| Reclassification | – | 800 | – | – | – | – | (800) | – |
| Balance at end of year | 495 | 4,029 | 50 | 834 | 983 | 2,095 | – | 8,486 |
| Accumulated depreciation | | | | | | | | |
| At beginning of year | 324 | 1,652 | 46 | 480 | 838 | 1,748 | – | 5,088 |
| Charge for the year | 73 | 588 | 2 | 75 | 62 | 221 | – | 1,021 |
| Disposals | (87) | – | – | – | – | – | – | (87) |
| Balance at end of year | 310 | 2,240 | 48 | 555 | 900 | 1,969 | – | 6,022 |
| Charge for 2001 | 92 | 459 | 2 | 80 | 90 | 195 | – | 918 |
| Net book value | | | | | | | | |
| At end of year | 185 | 1,789 | 2 | 279 | 83 | 126 | – | 2,464 |
| At beginning of year | 406 | 1,448 | 4 | 354 | 125 | 308 | 800 | 3,445 |

Capitalised depreciation charge of the Group amount to Nil (2001 : S\$56,000) for the year ended 31 December 2002.

At the balance sheet date, the net book value of motor vehicles and office equipment acquired under finance lease agreements amounted to S\$976,891 (2001 : S\$1,412,533) for the Group and S\$838,309 (2001 : S\$1,192,950) for the Company.

Equipment on rental of the Group as at 31 December 2001 comprised infrastructure equipment under development such as cables and telecommunication equipment, which was disposed during the year together with the disposal of the subsidiary.

5. INTANGIBLE ASSETS, NET

An analysis of activity in intangible assets of the Group for the year ended 31 December is as follows :

| | The Group | |
|--|--------------|--------------|
| | 2002 | 2001 |
| | S\$'000 | S\$'000 |
| Deferred software development costs | | |
| Balance at beginning, net of accumulated amortisation | – | 1,692 |
| Amortisation | – | (259) |
| Impairment loss | – | (1,433) |
| Carrying amount after impairment loss | <u>–</u> | <u>–</u> |
| Goodwill on consolidation | | |
| Balance at beginning, net of accumulated amortisation | 1,421 | – |
| Acquisitions of additional interests in subsidiaries | – | 1,456 |
| Amortisation | (73) | (35) |
| Impairment loss | (247) | – |
| Balance at end of year, net of accumulated amortisation | <u>1,101</u> | <u>1,421</u> |
| Intangible assets : | | |
| At cost | 1,456 | 1,456 |
| Accumulated amortisation | (108) | (35) |
| Impairment loss | (247) | – |
| Carrying amount after impairment loss | <u>1,101</u> | <u>1,421</u> |

The impairment loss recognised represents write-off of goodwill on consolidation relating to the winding down of business activities in a subsidiary and is charged to the Group profit and loss account.

6. INVESTMENTS IN SUBSIDIARIES

| | The Company | |
|---------------------------------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 |
| Unquoted equity shares, at cost | 7,879 | 10,429 |
| Impairment loss | (5,473) | (4,983) |
| Carrying amount after impairment loss | 2,406 | 5,446 |
| Analysis of impairment loss : | | |
| Balance at beginning of year | 4,983 | 144 |
| Provided during the year | 490 | 4,839 |
| Balance at end of year | 5,473 | 4,983 |

The consolidated financial statements include the financial statements of Teledata (Singapore) Limited and the consolidated subsidiaries listed below :

| Name of subsidiary | Principal activities | Country of incorporation/ business | Total paid-up capital of subsidiary | Class of shares | Amount | Amount of Company's investment in ordinary shares | | Equity Interest | |
|---|---|---------------------------------------|--|--------------------|--------|--|-----------------|--------------------|-----------|
| | | | | | | 2002 S\$'000 | 2001 S\$'000 | 2002 % | 2001 % |
| Held by Teledata (Singapore) Limited : | | | | | | | | | |
| # Davotek Sdn. Bhd. | Dealer and maintainer of telecommunication equipment | Malaysia | Ordinary | RM 1,000,000 | 578 | 578 | 100 | 100 | |
| * Plexus Technology Pte Ltd | General importer and exporter and commission agencies | Singapore | Ordinary | S\$ 1,500,000 | 1,579 | 1,579 | 100 | 100 | |
| * Premier Electro Communication Private Limited | Manufacturer and dealer in telecommunication equipment | Singapore | Ordinary | S\$ 1,500,000 | 1,420 | 1,420 | 100 | 100 | |
| * Telebit (Singapore) Private Limited | Distributor and maintainer of telecommunication and data-communication products | Singapore | Ordinary | S\$ 1,500,000 | 1,510 | 1,510 | 100 | 100 | |
| * Teledata International Pte Ltd | System integrator, sourcing and distributing telecommunication and datacommunication products internationally | Singapore | Ordinary | S\$ 500,000 | 355 | 355 | 100 | 100 | |

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

| Name of subsidiary | Principal activities | Country of incorporation/ business | Class of shares | Total paid-up capital of subsidiary Amount | Amount of Company's investment in ordinary shares | | Equity Interest | |
|---------------------------------|--|---------------------------------------|-----------------|--|---|-----------------|-----------------|-----------------------|
| | | | | | 2002 S\$'000 | 2001 S\$'000 | 2002 % | 2001 % |
| * TD-Services (S) Pte Ltd | To provide software development, system integration work and information services | Singapore | Ordinary | S\$ 500,000 | 500 | 500 | 100 | 100 |
| * IntraWave Pte Ltd | To provide radio coverage system management, operation, mobile service and to supply communications to other service providers | Singapore | Ordinary | S\$ 5,000,000 | – | 2,550 | – | 51 Refer (1) below |
| @@ PT Teledata Indonesia | To provide consultant services in the area of management information system, information technology and telecommunication | Indonesia | Ordinary | Rp 966,000,000 | 206 | 206 | 100 | 100 |
| ## Teledata (Thailand) Co., Ltd | System integrator, sourcing and distributing telecommunication and data-communication products | Thailand | Ordinary | THB 10,000,000 | 773 | 773 | 49 | 49 |
| ** Teledatacom Phils. Inc. | Importation, distribution, installation, system integration and maintenance of voice, data and video communications equipment, software and supplies | Philippines | Ordinary | Peso 9,000,000 | 958 | 958 | 100 | 100 |
| | | | | | 7,879 | | 10,429 | |

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

| Name of subsidiary | Principal activities | Country of incorporation/ business | Total paid-up capital of subsidiary | | Amount of Company's investment in ordinary shares | | Equity Interest | |
|---|--|---------------------------------------|-------------------------------------|-------------|---|-----------------|-----------------|-----------|
| | | | Class of shares | Amount | 2002 S\$'000 | 2001 S\$'000 | 2002 % | 2001 % |
| Held by Teledata International Pte Ltd : | | | | | | | | |
| + Teledata (Hong Kong) Limited | Distribution of tele-communication, data and video communication products and provision of maintenance service | Hong Kong | Ordinary | HK 50,000 | 11 | 11 | 100 | 100 |
| @ Teledatacom (India) Private Limited | Distribution of tele-communication, data and video communication products and provision of maintenance service | India | Ordinary | INR 102,000 | 4 | 4 | 100 | 100 |
| @@ Teledata Sdn. Bhd. | Under liquidation | Brunei | Ordinary | B\$ 10,000 | 10 | 10 | 100 | 100 |
| @@ Teledata China Investment Pte Ltd | To carry on the business of a holding company, currently dormant | Singapore | Ordinary | S\$ 2 | - | - | 100 | - |
| Held by Davotek Sdn. Bhd. : | | | | | | | | |
| # Goodway Technology Sdn. Bhd. | Dealership and provision of maintenance services | Malaysia | Ordinary | RM 12,600 | 4 | 4 | 80 | 80 |

(1) During the year, the investment in IntraWave Pte Ltd of S\$2,550,000 was disposed off.

* Audited by Ernst & Young, Singapore.

Audited by Ernst & Young, Malaysia.

@ Audited by Jayawant, Desai & Co, India.

Audited by Ernst & Young, Thailand.

** Audited by Punongbayan & Araullo, Philippines.

+ Audited by Ernst & Young, Hong Kong.

@@ Not required to be audited under the law in country of incorporation.

7. INVESTMENTS IN ASSOCIATED COMPANIES

| | The Group | | The Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Unquoted equity shares, at cost | 4,888 | 4,888 | 4,875 | 4,875 |
| Impairment loss | (2,954) | (2,954) | (4,875) | (4,875) |
| Carrying amount after impairment loss | 1,934 | 1,934 | – | – |
| Group's share of post acquisition losses | (1,934) | (1,934) | – | – |
| | – | – | – | – |

The associated companies as at 31 December were :

| Name of Associate | Country of Incorporation/ Business | Class of Shares | Paid-up Capital held by the Company or its nominees | | Cost of Investment | |
|---|---------------------------------------|-----------------|---|-----------|--------------------|-----------------|
| | | | 2002 % | 2001 % | 2002 S\$'000 | 2001 S\$'000 |
| Held by Teledata (Singapore) Limited : | | | | | | |
| ## IntraPage Pte Ltd | Singapore | Ordinary | 30 | 30 | 4,140 | 4,140 |
| * Internoc Singapore Pte Ltd | Singapore | Ordinary | 49 | 49 | 735 | 735 |
| | | | | | 4,875 | 4,875 |
| Held by Davotek Sdn. Bhd. : | | | | | | |
| # Davoteknologi Sdn. Bhd. | Malaysia | Ordinary | 30 | 30 | 13 | 13 |
| | | | | | 4,888 | 4,888 |

The accounting year end of the associated companies is 31 December.

IntraPage Pte Ltd is under judicial management as at 31 December 2002.

* Internoc Singapore Pte Ltd is under creditors' voluntary liquidation as at 31 December 2002.

Audited by Ernst & Young, Malaysia.

8. OTHER INVESTMENTS

| | The Group and The Company | |
|---------------------------------------|------------------------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 |
| Unlisted equity shares at cost | 2,981 | 4,681 |
| Impairment loss | (1,789) | (1,789) |
| Carrying amount after impairment loss | 1,192 | 2,892 |

Particulars of unlisted equity shares at 31 December were as follows :

| Name of company | Country of incorporation/ business | % of paid-up capital held by the Company | | Cost of investment | |
|-------------------|--|--|-----------------|-----------------------|-----------------|
| | | 2002 % | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| e-Cop.net Pte Ltd | Singapore | 14 | 34 | 1,192 | 2,892 |
| Mavix Ltd | Israel | 25 | 25 | 1,789 | 1,789 |
| | | | | 2,981 | 4,681 |

9. INVENTORIES

| | The Group | | The Company | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Inventories, at net realisable value | 4,994 | 12,804 | 2,386 | 3,993 |

Inventories are stated after deducting provision for obsolescence of :

| | | | | |
|---|--------------|-------|------------|-------|
| Balance at the beginning of year | 545 | 580 | – | 194 |
| Charged/(written-back) to profit and loss accounts | 4,324 | 140 | 512 | (165) |
| Obsolete inventories written-off | (75) | (175) | – | (29) |
| Balance at the end of year | 4,794 | 545 | 512 | – |
| Inventories written-off directly to profit and loss account | 886 | 8,088 | 515 | 4,948 |

10. PROJECTS-IN-PROGRESS

| | The Group | | The Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Costs incurred and attributable profits | 4,560 | 3,651 | 1,011 | 1,390 |
| Less : Progress billings | (1,554) | (938) | (113) | (847) |
| Costs incurred and attributable profits in excess of billings | 3,006 | 2,713 | 898 | 543 |
| Costs incurred and attributable profits | 61 | 862 | - | - |
| Less : Progress billings | (187) | (3,416) | - | - |
| Billings in excess of cost incurred and attributable profits | (126) | (2,554) | - | - |

11. TRADE RECEIVABLES

| | The Group | | The Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Trade receivables as at 31 December were : | | | | |
| Third party receivables | 10,743 | 19,090 | 3,871 | 8,488 |
| Third party retention monies | 719 | 1,301 | 189 | 1,070 |
| Holding company | 13 | 90 | 13 | 68 |
| Subsidiaries | - | - | 6,187 | 9,475 |
| Related companies | 623 | 23 | - | 23 |
| Associated companies | - | 13 | - | 13 |
| | 12,098 | 20,517 | 10,260 | 19,137 |
| Trade receivables and amounts due from subsidiaries are stated after deducting specific provision for doubtful debts of : | | | | |
| Balance at the beginning of year | 538 | 74 | 1,166 | 65 |
| Charged to profit and loss accounts | 632 | 511 | 2,768 | 1,148 |
| Bad debts written-off | (376) | (47) | (246) | (47) |
| Balance at the end of year | 794 | 538 | 3,688 | 1,166 |
| Bad debts written-off directly to profit and loss accounts | 37 | 273 | 37 | 262 |

The amounts due from subsidiaries are unsecured, bear interest at 4.5% (2001 : 5.75% to 6.25%) per annum and are expected to be repaid within the next twelve months.

12. OTHER RECEIVABLES

| | The Group | | The Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Other receivables as at 31 December were : | | | | |
| Prepaid expenses | 101 | 64 | 13 | 8 |
| Deposits | 328 | 458 | 234 | 267 |
| Staff advances | 87 | 211 | 73 | 131 |
| Sundry debtors | 588 | 813 | 63 | 2 |
| Subsidiaries | - | - | 3,413 | 13,099 |
| Associated companies | 1 | 249 | 1 | - |
| | 1,105 | 1,795 | 3,797 | 13,507 |

Amounts due from subsidiaries are stated after deducting specific provision for doubtful debts of :

| | | | | |
|---|---|-----|--------|-------|
| Balance at the beginning of year | - | - | 4,386 | - |
| Charged to profit and loss account | - | - | 6,076 | 4,386 |
| Balance at the end of year | - | - | 10,462 | 4,386 |
| Other receivable from an associated company written-off directly to profit and loss account | - | 388 | - | 388 |

The amounts due from subsidiaries are unsecured, bear interest at a range of 4.5% (2001 : 5.75% to 6.25%) per annum and are expected to be repaid within the next twelve months.

Included in the amounts due from subsidiaries as at 31 December 2001 was a shareholders' loan extended by the Company amounting to S\$2,329,000. The loan was unsecured, borne interest at a range of 5% to 6.75% per annum, and had been repaid during the year.

The staff advances are unsecured, interest free and repayable upon demand.

The amounts due from associated companies are unsecured, interest free and are expected to be repaid within the next twelve months.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December were :

| | The Group | | The Company | |
|------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Fixed deposits | 3,161 | 7,003 | 2,933 | 6,850 |
| Cash and bank balances | 2,636 | 5,119 | 642 | 1,010 |
| | 5,797 | 12,122 | 3,575 | 7,860 |

Cash at bank earn interest of floating rates of 0.025% (2001 : 0.025%) per annum. Short term fixed deposits are made for varying periods of between one to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates of 0.4375% to 1.6375% (2001 : 0.75% to 3.625%) per annum.

14. TRADE PAYABLES

Trade payables as at 31 December were :

| | | | | |
|------------------------------|--------------|--------|--------------|--------|
| Bills payables | 670 | 1,536 | 670 | 1,536 |
| Third party payables | 7,842 | 14,474 | 2,890 | 6,240 |
| Third party retention monies | 9 | 866 | – | – |
| Holding company | – | 27 | – | 27 |
| Subsidiaries | – | – | 3,126 | 3,084 |
| Related companies | 1 | 20 | 1 | 20 |
| | 8,522 | 16,923 | 6,687 | 10,907 |

The amounts due to subsidiaries are unsecured, bear interest rate of 4.5% (2001 : 5.75% to 6.25%) per annum and are expected to be repaid within the next twelve months.

15. OTHER PAYABLES

Other payables as at 31 December were :

| | | | | |
|----------------------------|--------------|-------|--------------|-------|
| Accrued operating expenses | 2,079 | 2,255 | 965 | 1,434 |
| Sundry creditors | 485 | 480 | 29 | 132 |
| Holding company | 39 | 2,993 | 37 | 2 |
| Subsidiaries | – | – | 660 | 795 |
| | 2,603 | 5,728 | 1,691 | 2,363 |

Included in the amounts due to holding company was a loan extended to a subsidiary amounting to S\$2,240,000. The loan was unsecured, borne interest at a range of 5% to 6.75% per annum, and had been repaid during the year.

Apart from the above, the amounts due to holding company are unsecured, interest free and have are expected to be repaid within the next twelve months.

The amounts payable to subsidiaries are unsecured, bear interest at of 4.5% (2001 : 5.75% to 6.25%) per annum and are expected to be repaid within the next twelve months.

16. INTEREST-BEARING LOANS AND BORROWINGS

As at 31 December, current and non-current interest bearing loans and borrowings were as follows :

| | Weighted average coupon | Maturities | The Group | | The Company | |
|--|-------------------------------|-------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Current | | | | | | |
| Finance lease liabilities (Note 26) | 2.28% | 2003 | 328 | 385 | 300 | 331 |
| Loan financing (secured) | * | 2003 | 300 | – | 300 | – |
| Loan financing (unsecured) | 6.25% | 2003 | – | 6,016 | – | 6,016 |
| Bank loan (unsecured) | 3.08% | | | | | |
| | 3.43% | 2003 | – | 3,000 | – | 3,000 |
| Term loan ** | 5.50% | | | | | – |
| | –6.00% | 2003 | – | 1,645 | – | – |
| Bonds (unsecured) | 1.00% | 2003 | – | 29,443 | – | 29,443 |
| | | | 628 | 40,489 | 600 | 38,790 |
| Non-current | | | | | | |
| Finance lease liabilities (Note 26) | 3.63% | 2003 - 2006 | 208 | 596 | 194 | 549 |
| Term loan ** | 5.50% | 2007 | – | 21,096 | – | – |
| | –6.00% | | | | | – |
| Loan financing (secured) | * | 2003 - 2005 | 1,600 | – | 1,600 | – |
| | | | 1,808 | 21,692 | 1,794 | 549 |

* The loan financing is secured by a debenture executed by the Company, in favour of Standard Chartered Bank ("SCB") as security agent of the Creditors, namely SCB, The Development Bank of Singapore Limited, NTUC Income Insurance Cooperative Limited and China Insurance Company Limited.

The debenture is charged on all fixed and floating assets of the Company and three of its subsidiaries, namely Telebit (Singapore) Private Limited, Plexus Technology Pte Ltd and Premier Electro Communication Private Limited, save for certain cash deposits charged by the Company and account receivables which are offered from time to time to SCB under the receivables purchase facility made available to the Company by SCB.

The rate interest applicable is the swap offer rate plus a margin of 2.75% (2001 : Nil) per annum, determined on a quarterly basis.

** The holding company, Intraco Limited, has issued an unconditional and irrevocable corporate guarantee to the bank in respect of the term loan.

17. SHARE CAPITAL

| | The Group and The Company | |
|--|------------------------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 |
| ORDINARY SHARES | | |
| Authorised : | | |
| Balance at beginning of year | | |
| - 500,000,000 (2001 : 500,000,000) shares of S\$0.10 each | 50,000 | 50,000 |
| Capital reduction by way of reducing nominal value of shares from S\$0.10 to S\$0.05 each | (25,000) | - |
| Increase during the year | | |
| - 500,000,000 (2001 : Nil) shares of S\$0.05 each | 25,000 | - |
| Balance at end of year | | |
| - 1,000,000,000 shares of S\$0.05 each (2001 : 500,000,000 shares of S\$0.10 each) | 50,000 | 50,000 |
| Issued and fully-paid : | | |
| Balance at beginning of year | | |
| - 160,000,000 (2001 : 160,000,000) shares of S\$0.10 each | 16,000 | 16,000 |
| Capital reduction by way of reducing nominal value of shares from S\$0.10 to S\$0.05 each | (8,000) | - |
| Rights issue of 320,000,000 (2001 : Nil) shares of S\$0.05 each during the year | 16,000 | - |
| Balance at end of year | | |
| - 480,000,000 shares of S\$0.05 each (2001 : 160,000,000 shares of S\$0.10 each) | 24,000 | 16,000 |

The nominal value of the ordinary shares has been reduced from S\$0.10 to S\$0.05 each through capital reduction which was confirmed by the High Court of Singapore on 14 August 2002. The details of the capital reduction have been disclosed in Report of the Directors.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote share without restriction.

As at balance sheet date, the number of share options outstanding under the Teledata Share Option Scheme was 22,433,000 (2001 : 6,661,000).

18. RESERVES

| | The Group | | The Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Analysis of non-distributable reserves is as follows : | | | | |
| Non-distributable - | | | | |
| Capital reserves | | | | |
| - Share premium | 6,086 | - | 6,086 | - |
| - Deemed value of warrants | - | 5,497 | - | 5,497 |
| - Negative goodwill arising on consolidation | - | 3 | - | - |
| Foreign currency translation reserve | (48) | (233) | - | - |
| | 6,038 | 5,267 | 6,086 | 5,497 |

The Group and the Company have no distributable reserve.

19. REVENUE

Revenue is mainly from the sale of telecommunication and datacommunication products and information technology services. It excludes goods and services tax. In respect of Group revenue, it excludes sales between group companies.

20. OTHER INCOME

| | The Group | | The Company | |
|----------------------|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Interest income | | | | |
| - bank | 98 | 47 | 79 | 28 |
| - subsidiaries | - | - | 554 | 874 |
| Miscellaneous income | 65 | 90 | 830 | 1,214 |
| | 163 | 137 | 1,463 | 2,116 |

21. TOTAL OPERATING COSTS

Total operating costs included the following for the years ended 31 December :

| | The Group | | The Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Directors' emoluments : | | | | |
| Directors of the Company | | | | |
| - current year's fees | 184 | 110 | 184 | 110 |
| - under/(over) provision in respect of previous year | 12 | (70) | 12 | (70) |
| - other remuneration | 489 | 715 | 489 | 715 |
| Other directors of subsidiaries | | | | |
| - other remuneration | 531 | 276 | - | - |
| - consultancy fee paid to a company in which a director has an interest | 22 | 23 | - | - |
| Auditors' remuneration | | | | |
| - Auditors' fee | 101 | 93 | 40 | 36 |
| - Other non-audit services | 2 | - | 2 | - |
| Depreciation of plant and equipment | 1,498 | 1,522 | 1,021 | 918 |
| Amortisation of intangible assets | 73 | 294 | - | - |
| Specific provision for doubtful trade debts | | | | |
| - third parties | 632 | 511 | 98 | 232 |
| Specific provision for doubtful trade debts | | | | |
| - related companies | - | - | 2,670 | 916 |
| Bad debts written-off – trade | 37 | 273 | 37 | 262 |
| - non-trade | - | 388 | - | 388 |
| Specific provision for doubtful non-trade debts | | | | |
| - related companies | - | - | 6,076 | 4,386 |
| Bad debt written back - related company | - | - | (376) | - |
| Bad trade debts recovered | (32) | (3) | (18) | (3) |
| Provision for/(write-back of) inventory obsolescence | 4,324 | 140 | 512 | (165) |
| Inventories written-down | 306 | 401 | 262 | 268 |
| Inventories written-off | 886 | 8,088 | 515 | 4,948 |
| Foreign exchange loss/(gain), net | 617 | (269) | 233 | 93 |
| Loss/(gain) on disposals of plant and equipment | 102 | 184 | 44 | (5) |
| Plant and equipment written-off | 209 | 452 | - | - |
| Impairment loss on intangible assets | 247 | 1,433 | - | - |
| Salaries and employee benefits | 10,237 | 12,966 | 5,273 | 6,660 |
| Defined contribution pension plans | 1,131 | 1,384 | 666 | 754 |

22. FINANCE COSTS

| | The Group | | The Company | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Interest expense : | | | | |
| - bank overdrafts | - | 204 | - | 204 |
| - loan from subsidiary | - | - | 145 | 72 |
| - short term bank loan | 298 | 172 | 216 | 172 |
| - bonds | 232 | 300 | 232 | 300 |
| Finance charges - lease liabilities | 38 | 25 | 31 | 15 |
| Amortisation of bond discount | 557 | 1,306 | 557 | 1,306 |
| | 1,125 | 2,007 | 1,181 | 2,069 |

23. EXCEPTIONAL ITEMS

| | The Group | | The Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Provision for impairment in costs of investment in subsidiaries | - | - | (490) | (4,839) |
| Gain on disposals of | | | | |
| - A subsidiary | 4,063 | - | 2,471 | - |
| - Other investment | 1,387 | 1,253 | 1,387 | 1,253 |
| Cost of other investment written-off | - | (765) | - | (765) |
| Restructuring expenses | (484) | - | (431) | - |
| Impairment loss on intangible assets | (247) | - | - | - |
| | 4,719 | 488 | 2,937 | (4,351) |

24. INCOME TAX

Major components of income tax expense for the years ended 31 December were :

| | The Group | | The Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Current | | | | |
| - Singapore | - | 17 | - | - |
| - Others | - | 73 | - | - |
| Underprovision for current taxation in respect of previous years | | | | |
| - Singapore | 85 | 107 | 89 | 16 |
| - Others | 2 | 7 | - | - |
| Overprovision of deferred income tax in respect of previous years | | | | |
| - Singapore | - | (653) | - | (624) |
| Total income tax expense | 87 | (449) | 89 | (608) |

A reconciliation of the statutory tax rate to the effective tax rate of the Group and the Company applicable to income from operations for the years ended 31 December was as follows :

| | The Group | | The Company | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Singapore statutory tax rate | (22.0) | (24.5) | (22.0) | (24.5) |
| Permanent differences | (18.5) | 1.5 | (6.0) | 7.1 |
| Deferred tax assets not recognised | 34.4 | 23.5 | 24.5 | 17.7 |
| Effect of reduction in tax rate | 9.0 | (0.1) | 3.0 | (0.1) |
| Group tax relief | (4.0) | - | - | - |
| Others | 1.1 | 0.1 | 0.5 | (0.2) |
| Effective tax rate | - | 0.5 | - | - |

The statutory income tax rate applicable to Singapore companies of the Group was reduced to 22% for financial year ended 31 December 2002 from 24.5% for financial year ended 31 December 2001.

The Group and the Company have tax losses of approximately S\$39,879,000 (2001 : S\$21,982,000) and S\$25,096,000 (2001 : S\$13,477,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is 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 certain provisions of the tax legislation of the respective countries in which the companies operate.

24. INCOME TAX (cont'd)

Deferred income tax assets and liabilities

| | The Group | | The Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Analysis of deferred tax liabilities : | | | | |
| Balance at beginning of year | - | 653 | - | 625 |
| Written-back to profit and loss accounts | - | (653) | - | (625) |
| Balance at end of year | - | - | - | - |

25. LOSS PER SHARE

Loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive warrants and options.

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

| | The Group | |
|--|--------------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 |
| Net loss attributable to ordinary shareholders for basic and diluted earnings per share | (5,366) | (16,068) |
| Weighted number of ordinary shares on issue applicable to basic loss per share | 240,000,000 | 160,000,000 |
| Effect on dilutive securities : | | |
| Warrants | - | - |
| Options | - | - |
| Adjusted weighted average number of ordinary shares applicable to diluted loss per share | 240,000,000 | 160,000,000 |

26. COMMITMENTS AND CONTINGENCIES
(a) Finance lease commitments

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

| | Minimum payments 2002 S\$'000 | Present value of payment 2002 S\$'000 | Minimum payments 2001 S\$'000 | Present value of payment 2001 S\$'000 |
|---|--|---|--|---|
| The Group | | | | |
| Within one year | 359 | 328 | 424 | 385 |
| After one year but not more than five years | 228 | 208 | 643 | 583 |
| More than five years | – | – | 16 | 13 |
| Total minimum lease payments | 587 | 536 | 1,083 | 981 |
| Less amount representing finance charges | (51) | – | (102) | – |
| Present value of minimum lease payments | 536 | 536 | 981 | 981 |
| The Company | | | | |
| Within one year | 326 | 300 | 363 | 331 |
| After one year but not more than five years | 211 | 194 | 587 | 536 |
| More than five years | – | – | 16 | 13 |
| Total minimum lease payments | 537 | 494 | 966 | 880 |
| Less amount representing finance charges | (43) | – | (86) | – |
| Present value of minimum lease payments | 494 | 494 | 880 | 880 |

(b) Operating lease commitments

Rental expenses (principally for office equipment and premises) were S\$782,000 (2001 : S\$918,000) and S\$1,050,000 (2001 : S\$1,352,000) for the Company and the Group for the years ended 31 December 2002.

Future minimum rentals under non-cancellable leases are as follows as at 31 December :

| | The Group | | The Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Within one year | 708 | 591 | 576 | 490 |
| After one year but not more than five years | 593 | 267 | 534 | 181 |
| | 1,301 | 858 | 1,110 | 671 |

(c) Capital commitments and forward exchange contracts

The following were commitments as at 31 December :

| | | | | |
|---|---|-----|---|-----|
| Forward exchange contracts to purchase foreign currencies | – | 971 | – | 971 |
|---|---|-----|---|-----|

26. COMMITMENTS AND CONTINGENCIES (cont'd)

(d) Contingent liabilities

| | The Company | |
|---|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 |
| Indeminities given to a bank in connection with unsecured performance guarantees issued for subsidiaries and associates | 2,002 | 1,753 |

The Company has also issued letters of awareness to banks in respect of short-term loan facilities given by the banks to an associated company. As at the balance sheet date, the short-term loans due to the banks amounted to S\$18 million (2001 : S\$18 million).

One of the suppliers ("Supplier") to Premier Electro Communications Private Limited ("Premier"), a subsidiary, may take legal action against Premier for an amount of up to S\$1.1 million in damages arising from the cancellation of an equipment purchase order issued by Premier to the Supplier in 2000. The equipment had been ordered by the Premier for a project to build certain telecommunication infrastructure in Singapore ("Project"), for which Premier had been appointed as a sub-contractor. Subsequently, the project was aborted and the order for equipment was accordingly cancelled by Premier. To date, Premier is not aware of any legal proceedings initiated by the Supplier. In the meantime, Premier has submitted to the main contractor of the project, IntraWave Pte Ltd ("Main Contractor"), a claim for its abortive costs incurred as a result of the abortion of the project. The claim for abortive costs, which has taken into account, amongst other things, abortive costs due from Premier to Supplier, has been forwarded by the Main Contractor to the users of the Project.

27. EMPLOYEE BENEFITS

Employee share incentive plan

In 1999, the Company implemented the Teledata Share Option Scheme ("the Scheme") to allow the issuance of Options to take up unissued ordinary shares of the Company. These options, when added to the number of shares issued and issuable in respect of all Options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the date immediately preceding the offer date of the Option ("Offer Date").

The life of the Scheme is five years and Options shall only be exercisable after the first anniversary of the Offer Date or such longer period (in the case of an Option for exercise price at no discount) or after the second anniversary or such longer period (in the case of an Option for exercise price at a discount), provided always that the Options shall be exercised before the tenth anniversary of the relevant Offer Date or such other shorter period as determined by a committee of directors of the Company duly authorised to administer the Scheme.

As at the financial year-end, details of Options for unissued ordinary shares of S\$0.05* each granted under the Scheme were as follows :

| Date of grant | Balance at 1.1.2002 | Adjusted for rights issue | Granted during the year | Cancelled during the year | Balance at 31.12.2002 | Exercise price | Exercisable period |
|---------------|------------------------|---------------------------------|-------------------------------|---------------------------------|--------------------------|-------------------|----------------------|
| 28.10.1999 | 2,016,000 | 437,000 | – | (1,235,000) | 1,218,000 | S\$0.267** | 28.10.00 to 27.10.09 |
| 10.11.2000 | 800,000 | – | – | (800,000) | – | | |
| 10.11.2000 | 3,445,000 | 711,000 | – | (2,177,000) | 1,979,000 | S\$0.297** | 10.11.01 to 09.11.10 |
| 11.05.2001 | 400,000 | 84,000 | – | (250,000) | 234,000 | S\$0.154** | 11.05.02 to 10.05.11 |
| 01.11.2002 | – | – | 1,200,000 | – | 1,200,000 | S\$0.062 | 01.11.03 to 31.10.12 |
| 01.11.2002 | – | – | 1,200,000 | – | 1,200,000 | S\$0.062 | 01.11.04 to 31.10.12 |
| 01.11.2002 | – | – | 1,200,000 | – | 1,200,000 | S\$0.062 | 01.11.05 to 31.10.12 |
| 01.11.2002 | – | – | 1,200,000 | – | 1,200,000 | S\$0.062 | 01.11.06 to 31.10.12 |
| 11.11.2002 | – | – | 4,734,000 | – | 4,734,000 | S\$0.060 | 11.11.03 to 10.11.12 |
| 11.11.2002 | – | – | 9,468,000 | – | 9,468,000 | S\$0.060 | 11.11.04 to 10.11.12 |
| | 6,661,000 | 1,232,000 | 19,002,000 | (4,462,000) | 22,433,000 | | |

* The nominal value of the ordinary shares has been reduced from S\$0.10 to S\$0.05 each through capital reduction during the year.

** Exercise price has been adjusted due to rights issue.

28. RELATED PARTY DISCLOSURES

The following are the significant related party transactions entered by the Group and the Company and its related parties at terms and conditions agreed between the parties :

| | Intraco Ltd | | Intraco Group of companies | | Substantial shareholder of ultimate holding company | | Associated companies | | Subsidiaries of the Company | |
|---|-----------------|-----------------|----------------------------|-----------------|---|-----------------|----------------------|-----------------|-----------------------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| The Group | | | | | | | | | | |
| Sales of goods | - | 55 | - | 3 | 3 | 20 | - | - | - | - |
| Purchase of goods | - | 35 | - | - | - | - | - | - | - | - |
| Warehouse rental expense paid to | - | - | 79 | 114 | - | - | - | - | - | - |
| Professional fees paid to | 53 | 39 | - | - | - | - | - | - | - | - |
| Interest paid to | - | 167 | - | - | - | - | - | - | - | - |
| Management consultancy fees received from | - | - | - | - | - | - | - | 30 | - | - |
| The Company | | | | | | | | | | |
| Sales of goods | - | 12 | - | - | 3 | 20 | - | - | 4,541 | 7,905 |
| Purchase of goods | - | 35 | - | - | - | - | - | - | 1,795 | 2,249 |
| Warehouse rental expense paid to | - | - | 79 | 114 | - | - | - | - | - | - |
| Professional fees paid to | 53 | 34 | - | - | - | - | - | - | - | - |
| Office rental received from | - | - | - | - | - | - | - | - | 276 | 310 |
| Management consultancy fees received from | - | - | - | - | - | - | - | 30 | 450 | 840 |
| Office utilities received from | - | - | - | - | - | - | - | - | 64 | 63 |

The aggregate values of interested persons transactions undertaken on an arm's length basis and on normal commercial terms during the financial year pursuant to the mandate of the members of the Company were S\$2,566,000 (2001 : S\$3,465,000) with Teledata International Pte Ltd and S\$Nil (2001 : S\$600,000) with Intrawave Pte Ltd.

29. SEGMENT INFORMATION

The activities of the Company and its subsidiaries are substantially in the telecommunication industry and, therefore, reporting by industry segment is not applicable. Segment accounting policies are the same as the policies described in Note 3. The Company generally accounts for inter-segment sales and transfers based on terms agreed between the segments concerned. Revenues are attributed to geographic areas based on the location of the assets producing the revenue.

The following table presents revenue and expenditure and certain assets information regarding geographical segments for the years ended 31 December:

| | Singapore | | Asia (excluding Singapore) | | Elimination | | Consolidated | |
|--|-----------------|-----------------|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Segment assets | 24,100 | 81,479 | 8,980 | 10,683 | – | – | 33,080 | 92,162 |
| Segment revenue | | | | | | | | |
| Sales to external customer | 49,937 | 51,627 | 14,397 | 15,607 | – | – | 64,334 | 67,234 |
| Inter-segment sales | 16,820 | 26,486 | – | – | (16,820) | (26,486) | – | – |
| Total revenue | 66,757 | 78,113 | 14,397 | 15,607 | (16,820) | (26,486) | 64,334 | 67,234 |
| Segment result | (8,032) | (14,547) | (955) | (523) | – | – | (8,987) | (15,070) |
| Exceptional items | | | | | | | 4,719 | 488 |
| Finance costs | | | | | | | (1,125) | (2,007) |
| Share of profits less (losses) of associated companies | | | | | | | – | (46) |
| Loss before income tax | | | | | | | (5,393) | (16,635) |
| Income tax | | | | | | | (87) | 449 |
| Minority interests, net of income tax | | | | | | | 114 | 118 |
| Net loss | | | | | | | (5,366) | (16,068) |

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below :

Interest rate risk

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the note on interest-bearing loans and borrowings.

Liquidity risk

Liquidity risk arises in the general funding of the Group's trading activities. It includes the risks of not being able to fund trading activities at settlement dates and liquidate positions in a timely manner at a reasonable price. The Group manages its liquidity risk by placing its cash and cash equivalents with reputable banks and financing its trading activities through the use of short and long-term bank borrowings and leasing arrangements.

Foreign currency risk

The Group uses foreign exchange contracts in managing its foreign currency risk arising from cash flows from anticipated transactions and financing arrangements denominated in foreign currencies, primarily the US dollar. Transaction risk is calculated in each foreign currency and includes foreign currency denominated assets and liabilities and firm and probable purchases and sales commitments.

As at the balance sheet date, after taking into account the effects of forward foreign exchange contracts, the Group's currency exposures are insignificant.

Credit risk

The carrying amount of investments, trade and other receivables, and cash represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentrations of credit risk. Derivative instruments are entered into, and cash is placed, with various reputable financial institutions.

Fair values

The aggregate net fair values of the term loan of the Group which are not carried at fair value in the balance sheet are presented in the following table as of 31 December. The fair values of the term loan are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.

| | Total carrying amount | | Aggregate net fair value | |
|------------------------------|-----------------------|-----------------|--------------------------|-----------------|
| | 2002 S\$'000 | 2001 S\$'000 | 2002 S\$'000 | 2001 S\$'000 |
| Financial liabilities | | | | |
| Term loan | - | 21,096 | - | 20,704 |

The carrying amounts of other receivables, cash and bank balances, trade and other payables and current amount of interest bearing loans and borrowings approximate their fair values due to their short-term nature.

In the directors' opinion, there is no significant difference between the carrying amounts of non-current amount of finance lease liabilities as at 31 December 2002 and their fair values.

ANALYSIS OF SHAREHOLDERS

| Size of Holdings | No. of Shareholders | % | No. of Shares | % |
|---------------------|---------------------|---------------|--------------------|---------------|
| 1 - 999 | 39 | 0.76 | 9,644 | 0.00 |
| 1,000 - 10,000 | 3,926 | 76.75 | 17,807,520 | 3.71 |
| 10,001 - 1,000,000 | 1,140 | 22.29 | 45,866,984 | 9.56 |
| 1,000,001 and above | 10 | 0.20 | 416,315,852 | 86.73 |
| Total | 5,115 | 100.00 | 480,000,000 | 100.00 |

LIST OF TOP TWENTY SHAREHOLDERS

| Shareholders' Name | No. of Shares | % of Holdings |
|---|--------------------|---------------|
| 1 Intraco Limited | 243,881,256 | 50.81 |
| 2 DBS Nominees Pte Ltd | 76,538,923 | 15.95 |
| 3 Raffles Nominees Pte Ltd | 76,337,677 | 15.90 |
| 4 Shamsuddin Bin Abdul Kadir | 7,980,000 | 1.66 |
| 5 United Overseas Bank Nominees Pte Ltd | 3,795,040 | 0.79 |
| 6 ING Nominees (S'pore) Pte Ltd | 2,150,000 | 0.45 |
| 7 DBS Vickers Secs (S) Pte Ltd | 1,777,000 | 0.37 |
| 8 Oversea Chinese Bank Nominees Pte Ltd | 1,528,080 | 0.32 |
| 9 Ng Siew Leng | 1,280,472 | 0.27 |
| 10 Han Meng Siew | 1,047,404 | 0.22 |
| 11 Citibank Consumer Nominees Pte Ltd | 709,000 | 0.15 |
| 12 UOB Kay Hian Pte Ltd | 608,000 | 0.13 |
| 13 Shai Ko Khean @ Chai Ko Khean | 603,000 | 0.13 |
| 14 Citibank Nominees S'pore Pte Ltd | 450,000 | 0.09 |
| 15 Kim Eng Ong Asia Secs Pte Ltd | 444,120 | 0.09 |
| 16 J M Sassoon & Co (Pte) Ltd | 405,000 | 0.08 |
| 17 Phillip Securities Pte Ltd | 402,000 | 0.08 |
| 18 BQS Private Ltd | 400,000 | 0.08 |
| 19 Tan Soo Chong | 400,000 | 0.08 |
| 20 Aw Kim Hock | 315,000 | 0.07 |
| Total | 421,051,972 | 87.72 |

SUBSTANTIAL SHAREHOLDERS

| Name of Shareholders | Direct Interest | % | Number of Shares Deemed Interest | % |
|---|-----------------|-------|----------------------------------|-------|
| Intraco Limited | 243,881,256 | 50.8% | - | - |
| NatSteel Limited ⁽¹⁾ | - | - | 243,881,256 | 50.8% |
| NTUC Income Insurance Cooperative Limited | 74,337,677 | 15.5% | - | - |
| The Development Bank of Singapore Ltd ("DBS") | 72,850,923 | 15.2% | - | - |
| DBS Group Holdings Ltd ⁽²⁾ ("DBS Group") | - | - | 72,850,923 | 15.2% |
| MND Holdings (Private) Limited ⁽³⁾ ("MND") | - | - | 72,850,923 | 15.2% |
| Temasek Holdings (Pte) Limited ⁽⁴⁾ ("Temasek") | - | - | 72,930,923 | 15.2% |

Notes:

⁽¹⁾ NatSteel Limited is deemed to have an interest through Intraco.

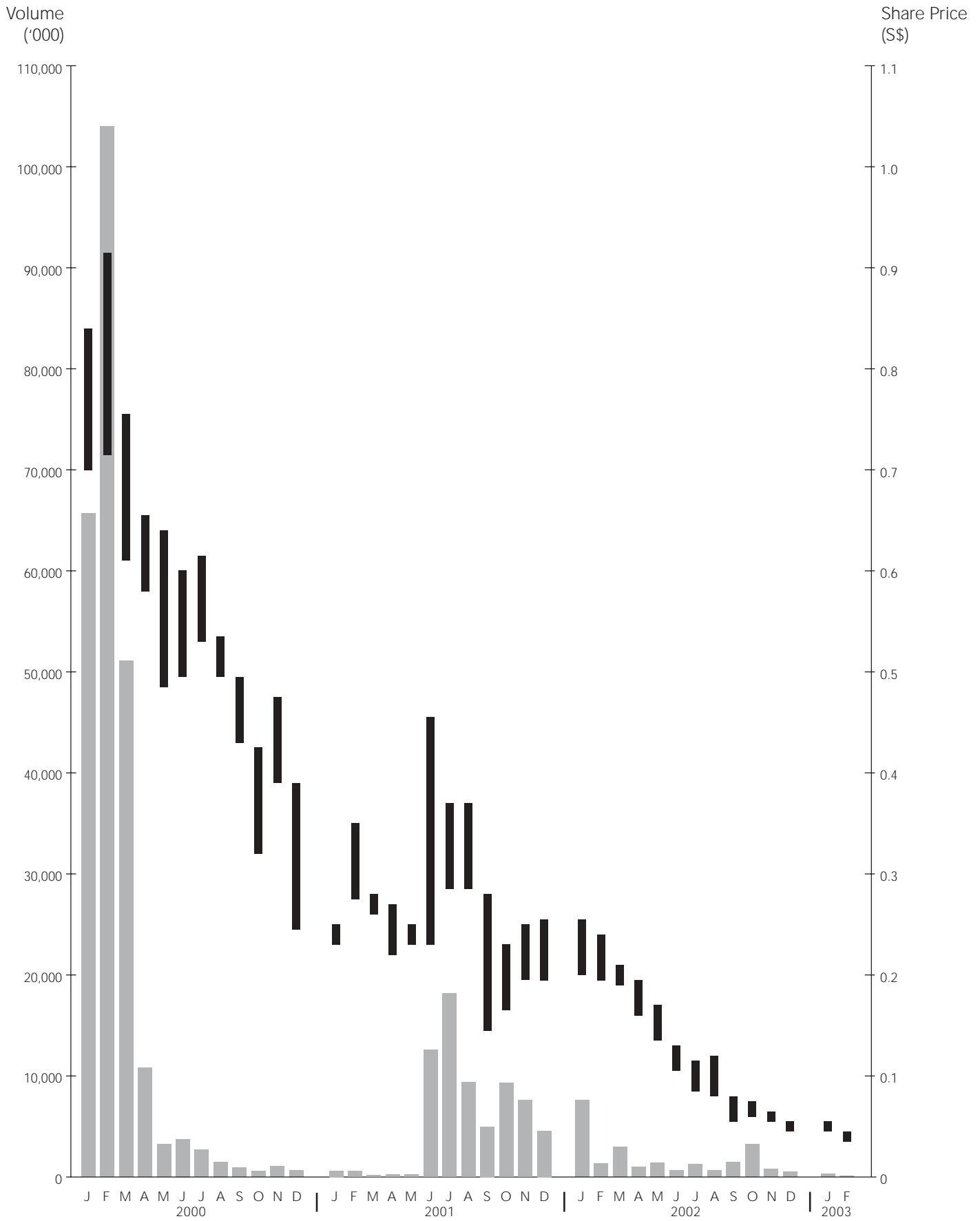
⁽²⁾ DBS Group is deemed to have an interest through DBS.

⁽³⁾ MND is deemed to have an interest through DBS Group and DBS.

⁽⁴⁾ Temasek is deemed to have an interest through DBS Group, DBS and the PSA group of companies.

⁽⁵⁾ The Company has complied with Rule 723 of the listing manual on free float.

SHARE PRICE VOLUME AND PRICE



NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of the Company will be held at its registered office, No. 10 Dundee Road #06-01 Setron Building, Singapore 149455 on Friday, 2 May 2003 at 9:30 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts of the Company for the year ended 31 December 2002 and the Directors' Report and the Auditors Report thereon. **(Resolution 1)**
2. To approve the Directors' fees of S\$204,000 for the financial year ended 31 December 2002 (2001 : S\$101,670). **(Resolution 2)**
3. To approve the Directors' fees of up to S\$300,000 for the financial year ending 31 December 2003. **(Resolution 3)**
4. To re-elect Dr Kwa Lay Keng retiring pursuant to Articles 100 & 101 of the Company's Articles of Association. **(Resolution 4)**
5. To re-elect the following Directors retiring pursuant to Article 104 of the Company's Articles of Association:-
Esmond Tjingoean Goei **(Resolution 5a)**
Aston Chiu Sin Nang **(Resolution 5b)**
Ho Ying Dat **(Resolution 5c)**
Kwah Thiam Hock **(Resolution 5d)**
Teng Theng Dar **(Resolution 5e)**

Mr Esmond Tjingoean Goei, Mr Kwah Thiam Hock and Mr Ho Ying Dat will, upon re-election as Directors of the Company, remain as members of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of The Singapore Exchange Securities Trading Limited.

6. To appoint Messrs KPMG as Auditors of the Company in place of Messrs Ernst & Young and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

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

7. **Authority to grant options and to issue shares under Teledata Share Option Scheme**
"That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Teledata Share Option Scheme (the "Scheme"), and, pursuant to Section 161 of the Companies Act, Chapter 50, to allot and 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 under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen (15) per cent of the issued share capital of the Company from time to time."
(See Explanatory Note 1) **(Resolution 7)**
8. **To transact any other ordinary business which may be properly transacted at an Annual General Meeting.**

BY ORDER OF THE BOARD

Foo Soon Soo
Goo Li Ling
Company Secretaries
16 April 2003

Explanatory Notes:-

1. The ordinary resolution proposed in item 7 above, if passed, will empower the Directors of the Company to offer and grant options under the Teledata Share Option Scheme and to allot and issue shares pursuant to the exercise of such options under the Teledata Share Option Scheme not exceeding fifteen (15) per cent of the issued share capital of the Company from time to time.

Notes:

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.
2. A proxy need not be a Member of the Company.
3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 10 Dundee Road # 06-01 Setron Building, Singapore 149455 not later than 48 hours before the time appointed for the Meeting.

NOTES

PROXY FORM

Teledata (Singapore) Limited
(Incorporated in the Republic of Singapore)

TELEDATA

IMPORTANT

1. For investors who have used their CPF monies to buy TELEDATA (SINGAPORE) LIMITED shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We,

of

being a *member/members of TELEDATA (SINGAPORE) LIMITED (the "Company"), hereby appoint

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|--------------------------------|---------|----------------------|---------------------------------|
| | | | |
| and/or (delete as appropriate) | | | |
| | | | |

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Twenty-Seventh Annual General Meeting of the Company to be held at No. 10 Dundee Road, #06-01 Setron Building, Singapore 149455 on Friday, the 2nd day of May 2003 at 9.30 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the ordinary resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

| No. | Resolutions | For | Against |
|-----|--|-----|---------|
| 1. | To receive and adopt the Directors' Report and the Audited Accounts. | | |
| 2. | To approve Directors' fees for financial year ended 31 December 2002. | | |
| 3. | To approve Directors' fees for financial year ending 31 December 2003. | | |
| 4. | To re-elect Dr Kwa Lay Keng retiring pursuant to Articles 100 & 101. | | |
| 5a. | To re-elect Mr Esmond Tjingoean Goei retiring pursuant to Article 104. | | |
| 5b. | To re-elect Mr Aston Chiu Sin Nang retiring pursuant to Article 104. | | |
| 5c. | To re-elect Mr Ho Ying Dat retiring pursuant to Article 104. | | |
| 5d. | To re-elect Mr Kwah Thiam Hock retiring pursuant to Article 104. | | |
| 5e. | To re-elect Mr Teng Theng Dar retiring pursuant to Article 104. | | |
| 6. | To appoint Messrs KPMG as Auditors of the Company in place of Messrs Ernst & Young and to authorise the Directors to fix their remuneration. | | |
| 7. | To authorise Directors to issue shares pursuant to the Teledata Share Option Scheme. | | |

Dated this _____ day of _____ 2003.

| | |
|-----------------------------|--|
| Total Number of Shares Held | |
|-----------------------------|--|

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

* Delete accordingly

Notes :

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the 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 common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at No. 10 Dundee Road, #06-01 Setron Building, Singapore 149455 not later than 48 hours before the time appointed for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the time set for the Annual General Meeting.

FOLD THIS FLAP FOR SEALING

AFFIX
POSTAGE
STAMP
HERE

The Company Secretary
TELEDATA (SINGAPORE) LIMITED
10 Dundee Road #06-01
Setron Building
Singapore 149455

2ND FOLD HERE

3RD FOLD HERE