



Corporate
governance
report,
Financial
statements
and notes

Corporate Governance Report

The listing rules as stated in the Listing Manual of Singapore Exchange Securities Trading Limited (“SGX-ST”) require an issuer which holds its Annual General Meeting (“AGM”) on or after 1 January 2003 (the “effective date”) to describe its corporate governance practices in its annual report. In accordance with this requirement, this Report describes Teledata (Singapore) Limited (“TSL”) corporate governance processes and activities with specific reference to the Code of Corporate Governance (“code”) (Identified in italics).

This Report is meant to be read as a whole, instead of being compartmentalised under the different principles of the Code.

BOARD OF DIRECTORS

Board’s Conduct of its Affairs

Principle 1:

Every company should be headed by an effective Board to lead and control the company.

The principle functions of the Board are:

1. approving the board policies, strategies and financial objectives of the Company and monitoring the performance of management;
2. overseeing the processes for risk management, financial reporting and compliance and evaluating the adequacy of internal controls;
3. approving the nominations to the Board of Directors and appointment of key personnel;
4. approving annual budgets, major funding proposals, investment and divestment proposals;
5. reviewing and endorsing the recommended framework of remuneration for the Board and key executives by the Compensation Committee; and
6. assuming responsibility for corporate governance.

Matters which are specifically reserved for the Board’s decisions are those involving interested person transactions (including, inter alia, conflict of interest issues relating to substantial shareholders of TSL and/or Directors), material acquisitions and disposal of assets, corporate or financial restructuring, share issuances, dividends and other returns to shareholders.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings, is disclosed in this Report.

The Company has adopted a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Company’s operations or business from the management. The Chairman and the Company Secretary will make the necessary arrangements for the briefings, informal discussions or explanations as and when required by any Director.

BOARD COMPOSITION AND BALANCE

Principle 2:

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board’s decision making.

Corporate Governance Report

Presently, the Board comprises five non-executive Directors (of which three are independent) and one Executive Director. The three independent Directors are Dr Lim Cheok Sin, Wong Joo Wan and Nicholas Jeyaraj s/o Narayanan. The appointment of each independent Director (“Independent Director”) of TSL will be reviewed annually by the Nomination Committee (“NC”). The NC is adopting the Code’s definition of what constitutes an independent director in its review. The NC is of the view that the current Board comprises persons who as a group, provides core competencies necessary to meet the Company’s objectives.

The NC is of the view that the current board size of six Directors out of which three are Independent Directors (that is, half of the board size) is appropriate, taking into account the nature and scope of TSL’s operations.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3:

There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company’s business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Chief Executive Officer had resigned since 18 August 2004. Mr Quek Chek Lan holds the positions of Chairman of the Board and Managing Director of the Company. The scale of the business does not warrant a meaningful split of these positions.

Mr Quek discharges his duty as Chairman of the Board objectively with the help of his other Board members. The Board consists of 5 non-executive Directors. This composition serves as a check that the Board as a whole is independent in substance, and that the power and authority of the Board does not vest on only one person.

The Chairman ensures that Board meetings are held as and when necessary and sets the Board meeting agenda in consultation with key Management. The Chairman reviews most Board meeting papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. Key Management who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the Board meetings. The Chairman ensures that procedures are introduced to comply with the Code.

ACCESS TO INFORMATION

Principle 6:

In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board members with quarterly management accounts and other financial statements. The Directors have also been provided with the telephone numbers and e-mail particulars of the Company’s senior management and Company Secretary to facilitate access.

Should Directors, whether as a group or individually, need independent professional advice, the Company Secretary will, upon direction by the Board, appoint a professional advisor selected by the group or the individual, to render the advice. The cost of such professional advice will be borne by the Company.

The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. It is the Company Secretary’s responsibility to ensure that the Company complies with the requirements of the Companies Act. Together with the other management staff of TSL, the Company Secretary is responsible for compliance with all other rules and regulations that are applicable to the Company.

Please refer to the “Board of Directors” and “Management Team” sections of the annual report for the composition of the Company’s Board of Directors, Board committees and the Management.

Corporate Governance Report

Principle 4:

There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.

Nomination Committee (NC)

The Company had established a Nomination Committee (NC) that comprises three non-executive Directors, out of which two are independent.

The principle functions of the NC are:

1. to make recommendations to the Board on all Board and Board committee appointments or re-appointments, including recommending the Chairman for the Board and for each Board committee and assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board;
2. to make recommendations to the Board on the appointment of representatives from TSL to directorships on the Boards of subsidiaries and associated companies of TSL; and
3. to review and recommend to the Board on the appointment of key executives.

New directors are appointed by way of Board resolutions, after the NC approves their appointment. Article 104 of the Company's Articles of Association requires such new directors to submit themselves for re-election at the following Annual General Meeting ("AGM") of the Company. Article 100 of the Articles requires one third of the incumbent Board members to retire by rotation at every AGM.

Board Performance

Principle 5:

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

In evaluating the performance of each director and the Board, the NC implements a self-assessment process, that is, each director assesses his own performance and that of the Board. The NC evaluates the directors based on each director's self-assessment and contribution. This self-assessment process takes into consideration, inter alia, attendance at meetings, maintenance of independence and disclosure of interested person transactions.

The Board's performance criteria had not and would not change from year to year unless circumstances deemed it necessary and the onus would be on the Board to justify the decision on such change. Since the change in new management in November 2004, no formal NC meeting has been conducted. However, a NC meeting will be called before the AGM to evaluate the performance of each director and the Board.

AUDIT COMMITTEE (AC)

Terms of Reference

Principle 11:

The Board should establish an Audit Committee (AC) with written terms of reference which clearly set out its authority and duties.

Principle 12:

The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Corporate Governance Report

The AC comprises three members, all independent non-executive Directors. The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC performs the following functions in accordance with Section 201B(5) of the Companies Act, Cap 50 and TSL Corporate Governance Policies Manual:

1. reviews with the external auditors, their audit plan, evaluation of the accounting controls, audit reports and any matters which the external auditors wish to discuss;
2. reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
3. reviews the half-yearly and annual financial statements, including announcements to shareholders and the SGX-ST prior to the submission to the Board;
4. reviews any significant findings of internal investigations;
5. makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
6. reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;
7. reviews the assistance given by the Company's officers to the external and internal auditors;
8. reviews interested person transactions to ensure that internal control procedures approved by the shareholders are adhered to;
9. reports actions and minutes of the AC meetings to the Board of Directors with such recommendations as the AC considers appropriate; and
10. reviews the nature and extent of non-audit services performed by the auditors.

The AC has the express power to conduct or authorise investigations into any matters within its terms of reference.

The Company's external auditors, carry out, in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management annually to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit, and the auditors' recommendations to address such non-compliance and weaknesses, are reported to the AC. The Management with the assistance of the Internal Audit department ("IA") follows up on TSL's recommendations as part of its role in the review of the Company's internal control systems.

The AC is of the opinion that risk management is a continuing process, and based on Internal Audit reports, is satisfied that there are adequate internal controls in the Company.

Internal Audit

Principle 13:

The company should establish an internal audit function that is independent of the activities it audits.

The IA is staffed by two qualified persons who are corporate members of Institute of Internal Auditors of Singapore. The AC is of the opinion that the internal auditors have the required knowledge to carry out the internal audit function. IA reports directly to the Chairman of the AC on audit matters, and to the Managing Director on administrative matters. The AC reviews IA reports and its activities on a half-yearly basis. The AC also reviews and approves the annual IA plans and resources to ensure that the IA has the capabilities to adequately perform its functions.

Corporate Governance Report

With the Group's focus on high-value added services and the increased competitiveness of the Singapore market, the revenue and activities of the Group had both declined. After the evaluation on the cost and effectiveness of maintaining an in-house IA department, the AC and Management are of the view that the IA function would be better served by outsourcing it to a suitably qualified external firm of accountants. The Board has been informed and is satisfied with the appointment of an external firm of accountants.

COMPENSATION COMMITTEE (CC)

Procedures for Developing Remuneration Policies

Principle 7:

There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8:

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially that of executive directors, should be linked to performance.

Disclosure on Remuneration

Principle 9:

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.

The CC comprises three non-executive Directors, out of which two are independent. The CC is chaired by an independent and non-executive Director.

CC's principal responsibilities are to:

1. recommend to the Board base salary levels, benefits and incentive opportunities, and identify components of salary which can best be used to focus management staff on achieving corporate objectives, including identifying equity based incentives such as share options;
2. approve the structure of the compensation programme for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;
3. review Directors' and senior management's compensation annually, determine appropriate adjustments, and review and recommend the Managing Director's salary adjustments; and
4. administer the Teledata (Singapore) Limited Share Option Scheme. The Share Option Scheme Committee is responsible for approving and administering according to the Rules of the Scheme.

The Chairman of NC and CC decides on the specific remuneration package for an Executive Director or senior management staff upon recruitment. Thereafter, the CC reviews subsequent increments, award of share options under the Share Option Scheme and variable bonuses where these payments are discretionary.

Non-executive Directors are only paid Directors' fees. CC recommends to the Board non-executive Directors' fees that are appropriate to the level of contribution, taking into account factors such as effort and time spent, responsibilities of Directors and comparison of non-executives' fees of companies with similar scale of operation and industry. Non-executive Directors are not over-compensated to the extent that their independence may be compromised. Directors' fees are recommended by the Directors for approval at the AGM. There is no service contract for Directors.

Corporate Governance Report

The remuneration of Directors and top five key executives for FY 2004 are set out below:

	Fee	Salary	Bonus	Allowances and Benefits*	Gratuity	Total
	%	%	%	%	%	%
a) Directors of the Company						
Between S\$250,000 to S\$499,000						
Directors who have resigned before the date of this report:						
Aston Chiu Sin Nang	2	63	-	12	23	100
Below S\$250,000						
Directors who have resigned before the date of this report:						
Esmond Tjingoean Goei	100	-	-	-	-	100
Chua Kee Lock	100	-	-	-	-	100
Ho Ying Tat	100	-	-	-	-	100
Kwah Thiam Hock	100	-	-	-	-	100
Teng Theng Dar	100	-	-	-	-	100
Below S\$250,000						
Directors who are in office at the date of this report:						
Quek Chek Lan	9	79	-	12	-	100
Wong Soo Chong	100	-	-	-	-	100
Dr Lim Cheok Sin	100	-	-	-	-	100
Ong Tai Tiong Desmond	100	-	-	-	-	100
Wong Joo Wan	100	-	-	-	-	100
Nicholas Jeyaraj s/o Narayanan	100	-	-	-	-	100

b) Key Executives of the Company

Below S\$250,000

Executives who have resigned before the date of this report:

Geraldine Goo Li Ling	-	64	-	17	19	100
Kelvin Tay Hung Ho	-	80	-	20	-	100
Roland Tan Soon Ann	-	78	-	22	-	100
Michelle Chia Mee Peng	-	84	-	16	-	100
Thomas Chia Tian Kew	-	36	57	7	-	100

* Allowances and benefits do not include share options.

The Company does not employ any immediate family member of a Director or the Managing Director.

The remuneration policy for staff adopted by the Company comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company and the individual performance. Another element of the variable component is the grant of share options to staff under the Teledata Share Option Scheme.

Information on the Teledata Share Option Scheme such as size of grants, exercise price, options that were granted as well as outstanding and vesting period of options are found on pages 21 and 22 of the Annual Report.

The total number of shares in respect of which the Company may grant options shall not exceed 15% of the issued share capital of the Company on the date immediately preceding the offer date of the option. The amount of share options to be granted is in accordance with the grade of the employee and is approved by the Share Option Committee mentioned on page 22. The subscription price would be the greater of the nominal value of the shares and the average of the last transacted prices of the shares for the three consecutive market days on which dealings in the shares took place on the SGX-ST immediately preceding the date of grant.

Corporate Governance Report

Accountability

Principle 10:

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

Communication with Shareholders

Principle 14:

Companies should engage in regular, effective and fair communication with shareholders.

Promoting Greater Participation by Shareholders

Principle 15:

Companies should encourage greater shareholder participation at AGMs and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company does not practise selective disclosure. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period.

All shareholders of the Company receive a copy of the annual report and notice of AGM. The notice is also advertised in newspapers. At AGMs, shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company.

The Articles allow a shareholder of the Company to appoint one or two proxies to attend and vote at all general meetings on his/her behalf.

BEST PRACTICE GUIDE

The Company has complied with the Best Practices Guide issued by SGX-ST.

Directors' Attendance at Board and Committee Meetings for FY2004

Name	TSL Board		Audit Committee		Compensation Committee	
	No. of Mtgs Held	No. of Mtgs Attended	No. of Mtgs Held	No. of Mtgs Attended	No. of Mtgs Held	No. of Mtgs Attended
Old Board of Directors						
Esmond Tjingoean Goei	7	7	2	2	1	1
Aston Chiu Sin Nang	4	4	-	-	-	-
Chua Kee Lock	6	5	-	-	-	-
Ho Ying Dat	7	6	2	2	1	-
Kwah Thiam Hock	7	7	2	2	1	1
Teng Theng Dar	2	2	-	-	-	-
New Board of Directors						
Quek Chek Lan	5	5	-	-	-	-
Wong Soo Chong	2	2	-	-	-	-
Dr Lim Cheek Sin	1	1	-	-	-	-
Ong Tai Tiong Desmond	1	1	-	-	-	-
Wong Joo Wan	1	1	-	-	-	-
Nicholas Jeyaraj s/o Narayanan	1	1	-	-	-	-

LATHIKA DEVI AMMA d/o K R PILLAY (MS)

LIM KA BEE (MS)

Company Secretaries

Singapore

28 March 2005

Directors' Report

for the year ended 31 December 2004

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2004.

DIRECTORS

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

Quek Chek Lan	(appointed on 1 August 2004)
Wong Soo Chong	(appointed on 5 October 2004)
Wong Joo Wan	(appointed on 6 October 2004)
Ong Tai Tiong Desmond	(appointed on 15 October 2004)
Nicholas Jeyaraj s/o Narayanan	(appointed on 15 October 2004)
Dr Lim Cheek Sin	(appointed on 15 October 2004)
Tandip Singh Wasan	(alternate to Ong Tai Tiong Desmond, appointed on 15 October 2004)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and related companies in which interests are held	Holdings in which the director is deemed to have an interest	
	At beginning of the year / date of appointment	At end of the year
Teledata (Singapore) Limited Ordinary shares of \$0.05 each		
Quek Chek Lan	78,959,000	98,959,000

By virtue of Section 7 of the Companies Act, Chapter 50, Quek Chek Lan is deemed to have an interest in all subsidiaries of Teledata (Singapore) Limited.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2005.

Neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company, or any other body corporate, other than the options that may be granted under the Teledata Share Option Scheme implemented by the Company, respectively.

Except as disclosed in Note 24 to the financial statements, since the end of the last financial year, no director 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 he is a member or with a company in which he has a substantial financial interest.

SHARE OPTIONS

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 Scheme is available to employees of the Company and its subsidiaries.

The life of the Scheme is ten 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.

Directors' Report for the year ended 31 December 2004

SHARE OPTIONS (CONT'D)

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

Date of grant of options	Options outstanding at 1 January 2004	Options exercised	Options cancelled/lapsed	Options outstanding at 31 December 2004	Exercise price per share	Exercise period
28/10/1999	580,000	-	(541,000)	39,000	\$0.267	28/10/2000 to 27/10/2009
10/11/2000	971,000	-	(772,000)	199,000	\$0.297	10/11/2001 to 09/11/2010
01/11/2002	1,200,000	-	(1,200,000)	-	\$0.062	01/11/2003 to 31/10/2012
01/11/2002	1,200,000	-	(1,200,000)	-	\$0.062	01/11/2004 to 31/10/2012
01/11/2002	1,200,000	-	(1,200,000)	-	\$0.062	01/11/2005 to 31/10/2012
01/11/2002	1,200,000	-	(1,200,000)	-	\$0.062	01/11/2006 to 31/10/2012
11/11/2002	2,912,000	(1,102,000)	(1,786,000)	24,000	\$0.060	11/11/2003 to 10/11/2012
11/11/2002	6,380,000	-	(4,274,000)	2,106,000	\$0.060	11/11/2004 to 10/11/2012
17/02/2003	578,000	-	(578,000)	-	\$0.050	17/02/2004 to 16/02/2013
17/02/2003	1,157,000	-	(1,157,000)	-	\$0.050	17/02/2005 to 16/02/2013
31/05/2003	10,080,000	-	(7,184,000)	2,896,000	\$0.083	31/05/2004 to 30/05/2013
31/05/2003	10,080,000	-	(7,184,000)	2,896,000	\$0.083	31/05/2005 to 30/05/2013
31/05/2003	10,080,000	-	(7,184,000)	2,896,000	\$0.083	31/05/2006 to 30/05/2013
Total	47,618,000	(1,102,000)	(35,460,000)	11,056,000		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

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

Dr Lim Cheok Sin
Ong Tai Tiong Desmond
Wong Joo Wan

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

Directors' Report

for the year ended 31 December 2004

AUDIT COMMITTEE

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

Wong Joo Wan (Chairman)
Nicholas Jeyaraj s/o Narayanan
Dr Lim Cheok Sin

The Audit Committee performs the functions specified in Section 201B of the Companies Act, the Listing Manual and the Best Practices Guide of the Singapore Exchange.

The Audit Committee has held two meetings since the last directors' report.

In carrying out its functions, the Audit Committee:

- (a) reviews with the external auditors, their audit plan, evaluation of the accounting controls, audit reports and any matters which the external auditors wish to discuss;
- (b) reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- (c) reviews the half-yearly and annual financial statements, including announcements to shareholders and the SGX-ST prior to the submission to the Board;
- (d) reviews any significant findings of internal investigations;
- (e) makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- (f) reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;
- (g) reviews the assistance given by the Company's officers to the external and internal auditors;
- (h) reviews interested person transactions to ensure that internal control procedures approved by the shareholders are adhered to;
- (i) reports actions and minutes of the Audit Committee meetings to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and
- (j) reviews the nature and extent of non-audit services performed by external auditors.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

QUEK CHEK LAN
Director

WONG JOO WAN
Director

Singapore
28 March 2005

Statement by Directors

for the year ended 31 December 2004

In our opinion:

- (a) the financial statements set out on pages 26 to 52 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; 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 has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

QUEK CHEK LAN
Director

WONG JOO WAN
Director

Singapore
28 March 2005

Auditors' Report

for the year ended 31 December 2004

REPORT OF THE AUDITORS TO THE MEMBERS OF TELEDATA (SINGAPORE) LIMITED

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended 31 December 2004 as set out on pages 26 to 52. 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 consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by the Singapore-incorporated subsidiaries have been properly kept in accordance with the provisions of the Act.

KPMG

Certified Public Accountants

Singapore
28 March 2005

KPMG

Certified Public Accountants

16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Balance Sheets

as at 31 December 2004

	Note	Group		Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Non-current assets					
Property, plant and equipment	3	1,991	2,436	1,360	1,622
Intangible assets	4	982	1,042	-	-
Subsidiaries	5	-	-	2,406	2,406
Associates	6	-	-	-	-
Other investments	7	1,192	1,192	1,192	1,192
		4,165	4,670	4,958	5,220
Current assets					
Inventories	8	6,435	3,898	1,681	1,571
Project work-in-progress	9	578	3,022	298	1,313
Trade and other receivables	10	8,558	7,876	2,066	3,773
Balances with related parties	12	-	2,266	8,199	5,921
Cash and cash equivalents	13	3,908	5,941	1,196	3,956
		19,479	23,003	13,440	16,534
Current liabilities					
Excess of progress billings over project work-in-progress	9	398	-	184	-
Trade and other payables	14	9,726	10,270	3,058	4,484
Balances with related parties	12	3	19	6,470	4,090
Interest-bearing borrowings	15	1,727	911	1,722	899
Current tax payable		148	27	-	-
		12,002	11,227	11,434	9,473
Net current assets		7,477	11,776	2,006	7,061
Non-current liabilities					
Interest-bearing borrowings	15	(10)	(909)	-	(900)
Net assets		11,632	15,537	6,964	11,381
Shareholders' equity					
Share capital	16	24,076	24,021	24,076	24,021
Reserves	17	(12,444)	(8,484)	(17,112)	(12,640)
		11,632	15,537	6,964	11,381

The accompanying notes form an integral part of these financial statements.

Consolidated Profit and Loss Account

for the year ended 31 December 2004

		Group	
	Note	2004 \$'000	2003 \$'000
Revenue	18	31,106	35,561
Cost of sales		(20,950)	(21,782)
Gross profit		10,156	13,779
Other operating income		38	136
Distribution expenses		(8,202)	(10,432)
Administrative expenses		(1,978)	(2,845)
Other operating expenses		(3,591)	(4,511)
Loss from operations	19	(3,577)	(3,873)
Finance costs	20	(156)	(71)
Loss from ordinary activities before taxation		(3,733)	(3,944)
Income tax expense	21	(257)	(27)
Net loss for the year		(3,990)	(3,971)
Loss per share (cents)	22		
Basic		(0.83)	(0.83)
Diluted		(0.83)	(0.83)

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2004

	Share capital \$'000	Share premium \$'000	Exchange translation reserve \$'000	Accumulated losses \$'000	Total \$'000
Group					
At 1 January 2003	24,000	6,086	(48)	(10,664)	19,374
Issue of shares on exercise of share options	21	4	-	-	25
Translation difference arising on consolidation of foreign subsidiaries	-	-	109	-	109
Net loss for the year	-	-	-	(3,971)	(3,971)
At 31 December 2003	24,021	6,090	61	(14,635)	15,537
Issue of shares on exercise of share options	55	11	-	-	66
Translation difference arising on consolidation of foreign subsidiaries	-	-	19	-	19
Net loss for the year	-	-	-	(3,990)	(3,990)
At 31 December 2004	24,076	6,101	80	(18,625)	11,632

	Share capital \$'000	Share premium \$'000	Accumulated losses \$'000	Total \$'000
Company				
At 1 January 2003	24,000	6,086	(13,880)	16,206
Issue of shares on exercise of share options	21	4	-	25
Net loss for the year	-	-	(4,850)	(4,850)
At 31 December 2003	24,021	6,090	(18,730)	11,381
Issue of shares on exercise of share options	55	11	-	66
Net loss for the year	-	-	(4,483)	(4,483)
At 31 December 2004	24,076	6,101	(23,213)	6,964

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2004

	2004 \$'000	2003 \$'000
Operating activities		
Loss from ordinary activities before taxation	(3,733)	(3,944)
Adjustments for:		
Depreciation of property, plant and equipment	954	1,199
Interest income	(30)	(40)
Interest expense	156	71
Loss on disposal of property, plant and equipment	273	170
Loss on disposal of a subsidiary	19	44
Amortisation of intangible assets	60	59
Operating loss before working capital changes	(2,301)	(2,441)
Changes in working capital:		
Inventories, project work-in-progress and excess of progress billings over project work-in-progress	(328)	876
Trade and other receivables	2,223	2,873
Trade and other payables	(301)	(457)
Cash (used in) / generated from operations	(707)	851
Interest paid	(156)	(71)
Income tax paid	(155)	(19)
Cash flows from operating activities	(1,018)	761
Investing activities		
Purchase of property, plant and equipment	(926)	(176)
Proceeds from disposal of property, plant and equipment	49	85
Net cash outflow from disposal of a subsidiary	(5)	(71)
Interest received	30	40
Cash flows from investing activities	(852)	(122)
Financing activities		
Proceeds from bank loans	4,135	-
Repayment of bank loans	(4,013)	(300)
Repayment of finance lease creditors	(205)	(316)
Proceeds from exercise of share options	66	25
Cash flows from financing activities	(17)	(591)
Net (decrease) / increase in cash and cash equivalents	(1,887)	48
Cash and cash equivalents at beginning of year	5,941	5,797
Effect of exchange rate changes on balances held in foreign currencies	(146)	96
Cash and cash equivalents at end of year	3,908	5,941

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2004

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

On 31 December 2003, the Group disposed a subsidiary, Davotek Sdn. Bhd. for \$nil consideration. The subsidiary contributed a net loss of \$44,000 to the consolidated net loss for the year.

On 28 February 2004, the liquidation of a subsidiary, Teledata (Hong Kong) Limited, was completed. The subsidiary contributed a net loss of \$76,000 to the consolidated net loss for the period from 1 January 2004 to 28 February 2004.

The effects of the disposals are set out below:

	Disposal 2004 \$'000	Disposal 2003 \$'000
Plant and equipment	82	86
Inventories	-	47
Project work-in-progress	-	23
Trade and other receivables	42	188
Cash and bank balance	5	71
Trade and other payables	(110)	(371)
Net assets disposed	19	44
Loss on disposal of subsidiary	(19)	(44)
Net proceeds from the disposal of subsidiary	-	-
Cash disposed of	(5)	(71)
Net cash outflow	(5)	(71)

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2004

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 28 March 2005.

1. DOMICILE AND ACTIVITIES

Teledata (Singapore) Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 151 Lorong Chuan, #04-02 New Tech Park (Lobby B), Singapore 556741.

The principal activities of the Company are those relating to system integrator and specialised distributor of telecommunication and data communication products. The principal activities of the subsidiaries are set out in note 5 to the financial statements.

During the year, Intraco Limited disposed of equity interests in the Company and ceased to be the immediate and ultimate holding company. There is no immediate or ultimate holding company at 31 December 2004.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interests in associates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

The financial statements, which are expressed in Singapore dollars, are prepared on the historical cost basis.

2.2 Consolidation

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are stated in the Company's balance sheet at cost, less impairment losses. In the Group's financial statements, they are accounted for by using the equity method of accounting.

2.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Property, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. 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 the profit and loss account. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

Notes to the Financial Statements

for the year ended 31 December 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, Plant and Equipment (cont'd)

Depreciation of property, plant and equipment is provided on a straight-line basis so as to write off items of property, plant and equipment over their estimated useful lives as follows:

Motor vehicles	- 3 to 6 years
Office equipment	- 4 to 10 years
Workshop equipment	- 8 to 10 years
Furniture and fittings	- 10 years
Renovations	- 6 years
Plant and machinery	- 3 to 20 years

2.4 Intangible Assets

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill is amortised and recognised in the profit and loss account using the straight-line method over its estimated useful life of 20 years.

From 1 January 2005, the Group will discontinue amortising the carrying amount of goodwill previously recognised, in accordance with the adoption of FRS 103 - *Business Combination*. Goodwill will be reviewed for recoverability annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable from its estimated future cash flows.

2.5 Financial Assets

Debt and equity securities held for the long-term are stated at amortised cost less an allowance for diminution in value which, in the opinion of the directors, is other than temporary.

2.6 Project Work-In-Progress

Project work-in-progress comprises direct expenditure plus the proportion of estimated profits earned to-date and an appropriate portion of overhead costs, less progress billings. The accounting policy for project revenue is set out in note 2.12 below. When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a weighted average basis and comprises all costs of purchase and other costs incurred 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 the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

Allowance is made for all deteriorated, damaged, obsolete and slow-moving stocks.

Notes to the Financial Statements

for the year ended 31 December 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purposes of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.9 Impairment

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

2.10 Employee Benefits

Contributions to defined contribution plans are recognised as an expense in the profit and loss account when incurred.

The Group does not record any compensation cost or obligation to reflect the benefit received by employees when options are granted under the Group's employee share option programme. When the options are exercised, equity is increased by the amount of the proceeds received.

2.11 Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

2.12 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts.
- (ii) Revenue from projects is recognised in the financial statements using the percentage of completion method by reference to the proportion that costs incurred to date bear to the estimated total costs of the project. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed, or to be performed, are included in estimated total costs of the project.
- (iii) Interest income from bank deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

Notes to the Financial Statements

for the year ended 31 December 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

2.14 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

2.15 Foreign Currency Translation

Translation of foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

Translation of financial statements of foreign entities

The assets and liabilities of foreign entities are translated into Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign entities are translated at the average exchange rates for the year. Goodwill and fair value adjustments arising on acquisition of foreign entities are stated at exchange rates ruling on transaction dates. The exchange differences are dealt with as a movement in Exchange Translation Reserve.

2.16 Operating Leases

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

Notes to the Financial Statements

for the year ended 31 December 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The interest component of finance lease payment is recognised in the profit and loss account using the effective interest rate method.

2.18 Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's geographical segments and the Group's internal reporting structure.

Inter-segment pricing is determined based on terms agreed between the segments concerned.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-bearing borrowings and corporate expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment accounting policies are the same as those described above.

Notes to the Financial Statements

for the year ended 31 December 2004

3. PROPERTY, PLANT AND EQUIPMENT

Group 2004	Motor vehicles \$'000	Office equipment \$'000	Workshop equipment \$'000	Furniture and fittings \$'000	Renovations \$'000	Plant and machinery \$'000	Total \$'000
Cost							
At 1 January 2004	594	4,911	285	1,601	1,139	2,095	10,625
Translation difference on consolidation	(2)	(15)	(7)	(17)	(2)	-	(43)
Additions	-	435	-	108	383	-	926
Disposal of subsidiary	-	(132)	-	(28)	(61)	-	(221)
Other disposals	(267)	(990)	-	(432)	(1,049)	(2,065)	(4,803)
At 31 December 2004	325	4,209	278	1,232	410	30	6,484
Accumulated depreciation							
At 1 January 2004	448	3,272	209	1,131	1,088	2,041	8,189
Translation difference on consolidation	(2)	(11)	(3)	(12)	(2)	-	(30)
Charge for the year	50	572	32	176	103	21	954
Disposal of subsidiary	-	(67)	-	(11)	(61)	-	(139)
Other disposals	(202)	(911)	-	(347)	(989)	(2,032)	(4,481)
At 31 December 2004	294	2,855	238	937	139	30	4,493
Carrying amount							
At 31 December 2004	31	1,354	40	295	271	-	1,991
At 31 December 2003	146	1,639	76	470	51	54	2,436
Company 2004							
Company 2004	Motor vehicles \$'000	Office equipment \$'000	Workshop equipment \$'000	Furniture and fittings \$'000	Renovations \$'000	Plant and machinery \$'000	Total \$'000
Cost							
At 1 January 2004	343	3,901	50	834	991	2,095	8,214
Additions	-	296	-	21	273	-	590
Disposals	(108)	(765)	-	(403)	(991)	(2,065)	(4,332)
At 31 December 2004	235	3,432	50	452	273	30	4,472
Accumulated depreciation							
At 1 January 2004	276	2,657	49	627	942	2,041	6,592
Charge for the year	27	432	-	67	82	21	629
Disposals	(74)	(705)	-	(334)	(964)	(2,032)	(4,109)
At 31 December 2004	229	2,384	49	360	60	30	3,112
Carrying amount							
At 31 December 2004	6	1,048	1	92	213	-	1,360
At 31 December 2003	67	1,244	1	207	49	54	1,622

The carrying amount of property, plant and equipment includes amounts totalling \$16,000 (2003: \$601,000) for the Group and \$nil (2003: \$567,000) for the Company in respect of motor vehicles and office equipment held under finance leases.

Notes to the Financial Statements

for the year ended 31 December 2004

4. INTANGIBLE ASSETS – GROUP

Goodwill on consolidation	\$'000
Cost	
At 1 January 2004 and 31 December 2004	<u>1,456</u>
Accumulated amortisation and impairment losses	
At 1 January 2004	414
Charge for the year	<u>60</u>
At 31 December 2004	<u>474</u>
Carrying amount	
At 31 December 2004	<u>982</u>
At 31 December 2003	<u>1,042</u>

5. SUBSIDIARIES

	Company	
	2004	2003
	\$'000	\$'000
Unquoted equity shares, at cost	7,301	7,301
Less:		
Impairment losses		
At 1 January 2004	4,895	5,473
Disposal of subsidiary	-	(578)
At 31 December 2004	4,895	4,895
	2,406	2,406

Notes to the Financial Statements

for the year ended 31 December 2004

5. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2004 %	2003 %
Plexus Technology Pte Ltd	General importer and exporter and commission agencies	Singapore	100	100
Premier Electro Communication Private Limited	Manufacturer and dealer in telecommunication equipment	Singapore	100	100
Telebit (Singapore) Private Limited	Distributor and maintainer of telecommunication and data communication products	Singapore	100	100
Teledata International Pte Ltd	System integrator, sourcing and distributing telecommunication and data communication products internationally	Singapore	100	100
TD-Services (S) Pte Ltd	Inactive	Singapore	100	100
* PT Teledata Indonesia	Providing consultant services in the area of management information systems, information technology and telecommunication	Indonesia	100	100
# Teledata (Thailand) Co., Ltd	System integrator, sourcing and distributing telecommunication and data communication products	Thailand	100	100
## Teledatacom Phils. Inc.	Importation, distribution, installation, system integration and maintenance of voice, data and video communications equipment, software and supplies	Philippines	100	100

Notes to the Financial Statements

for the year ended 31 December 2004

5. SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2004 %	2003 %
Held by Teledata International Pte Ltd:				
Teledata (Hong Kong) Limited	Liquidated in 2004	Hong Kong	-	100
### Teledatacom (India) Private Limited	Distribution of telecommunication, data and video communication products and provision of maintenance service	India	100	100
* Teledata Sdn Bhd	Under liquidation	Brunei	100	100
Teledata (China) Investment Pte Ltd	Inactive	Singapore	100	100

The Singapore-incorporated subsidiaries are audited by KPMG Singapore.

Audited by Ernst & Young, Thailand

Audited by Punongbayan & Ararullo, Philippines

Audited by Jayawant, Desai & Co., India

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

6. ASSOCIATES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Unquoted equity shares, at cost	4,875	4,875	4,875	4,875
Less:				
Impairment losses	2,954	2,954	4,875	4,875
Share of post-acquisition reserves	1,921	1,921	-	-
	4,875	4,875	4,875	4,875
	-	-	-	-

Details of the associates are as follows:

Name of associate	Place of incorporation	Effective equity held by the Group	
		2004 %	2003 %
Held by Teledata (Singapore) Limited:			
IntraPage Pte Ltd	Singapore	30	30
Internoc Singapore Pte Ltd	Singapore	49	49

IntraPage Pte Ltd is under judicial management.

Internoc Singapore Pte Ltd is under creditors' voluntary liquidation.

The Group discontinues applying the equity method of accounting for its investments in associates when its share of losses of associates accounted for by the equity method exceeds the carrying amounts of the investments.

Notes to the Financial Statements

for the year ended 31 December 2004

7. OTHER INVESTMENTS

	Group and Company	
	2004	2003
	\$'000	\$'000
Unquoted equity investment, at cost	2,981	2,981
Less:		
Impairment losses	(1,789)	(1,789)
	1,192	1,192

8. INVENTORIES

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Stocks for sale				
- at net realisable value	5,257	2,862	774	1,029
Maintenance stocks				
- at net realisable value	703	789	437	542
Stocks-in-transit				
- at cost	475	247	470	-
	6,435	3,898	1,681	1,571

9. PROJECT WORK-IN-PROGRESS / (EXCESS OF PROGRESS BILLINGS OVER PROJECT WORK-IN-PROGRESS)

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Costs incurred and attributable profits	668	3,450	388	1,543
Less: Progress billings	(488)	(428)	(274)	(230)
	180	3,022	114	1,313
Comprising:				
Project work-in-progress	578	3,022	298	1,313
Excess of progress billing over project work-in-progress	(398)	-	(184)	-
	180	3,022	114	1,313

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000
Trade receivables	11	6,981	5,791	1,790	3,216
Retention monies		649	809	20	30
Refundable deposits		229	366	118	251
Prepayments		236	441	125	113
Other receivables		463	469	13	163
		8,558	7,876	2,066	3,773

Notes to the Financial Statements

for the year ended 31 December 2004

11. TRADE RECEIVABLES

	Note	Group		Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Trade receivables		8,257	7,014	2,024	3,312
Less:					
Allowance for doubtful receivables		(1,276)	(1,223)	(234)	(96)
	10	6,981	5,791	1,790	3,216

12. BALANCES WITH RELATED PARTIES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Amount due from:				
- Holding company (trade)	-	14	-	14
- Subsidiaries				
- trade	-	-	8,525	8,726
- non-trade	-	-	13,343	10,853
			21,868	19,579
Allowance for doubtful receivables	-	-	(13,669)	(13,672)
			8,199	5,907
- Related corporations (trade)	-	2,252	-	-
		2,266	8,199	5,921
Amount due to:				
- Holding company (non-trade)	-	16	-	14
- Subsidiaries				
- trade	-	-	5,788	3,633
- non-trade	-	-	680	440
- Related corporations (non-trade)	3	3	2	3
	3	19	6,470	4,090

The non-trade balances with subsidiaries and related corporations are unsecured, interest-free and are payable within the next twelve months.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash at bank and in hand	2,933	2,653	367	831
Fixed deposits	975	3,288	829	3,125
	3,908	5,941	1,196	3,956

The weighted average effective interest rates per annum relating to fixed deposits at the balance sheet date for the Group and Company are 0.84% (2003: 0.52%) and 0.90% (2003: 0.52%), respectively.

Notes to the Financial Statements

for the year ended 31 December 2004

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Trade payables	6,612	7,358	1,073	2,249
Deferred maintenance income	335	780	300	541
Accrued operating expenses	2,167	1,581	1,685	1,240
Other creditors	612	551	-	454
	9,726	10,270	3,058	4,484

15. INTEREST-BEARING BORROWINGS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Non-current liabilities				
Secured loan financing	-	900	-	900
Finance lease liabilities	10	9	-	-
	10	909	-	900
Current liabilities				
Secured loan financing	900	700	900	700
Secured short-term bank loans	822	-	822	-
Finance lease liabilities	5	211	-	199
	1,727	911	1,722	899
Total borrowings	1,737	1,820	1,722	1,799

Bank loans

At 31 December 2004, the Group and Company have obligations under bank loan financing as follows:

	2004		2003		
	Total \$'000	Within 1 year \$'000	Total \$'000	Within 1 year \$'000	After 1 year but within 5 years \$'000
Group and Company					
Secured loan financing	900	900	1,600	700	900
Secured short-term bank loans	822	822	-	-	-
	1,722	1,722	1,600	700	900

Secured loan financing

The loan financing is secured by a debenture executed by the Company, in favour of Standard Chartered Bank ("SCB") as security agent of the lenders, 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 that may be charged by the Company from time to time to obtain credit facilities from a bank. At 31 December 2004, the Company has not utilised any of the credit facilities.

The rate of interest applicable to the secured loan financing is the swap offer rate plus a margin of 2.75% (2003: 2.75%) per annum, determined on a quarterly basis.

Notes to the Financial Statements

for the year ended 31 December 2004

15. INTEREST-BEARING BORROWINGS (CONT'D)

Secured short-term bank loans

The short-term bank loans are secured by a charge on all fixed and floating assets of the Company, ranking on a pari passus pro rata basis with the secured loan financing, and guaranteed by three of its subsidiaries, namely Telebit (Singapore) Private Limited, Plexus Technology Pte Ltd and Premier Electro Communication Private Limited.

The secured short-term bank loans bear interest at rates ranging from 5.21% to 5.23% per annum.

Finance lease liabilities

At 31 December 2004, the Group and the Company have obligations under finance leases that are payable as follows:

	2004			2003		
	Payments \$'000	Interest \$'000	Principal \$'000	Payments \$'000	Interest \$'000	Principal \$'000
Group						
Repayable within 1 year	6	1	5	230	19	211
Repayable after 1 year but within 5 years	12	2	10	10	1	9
	18	3	15	240	20	220
Company						
Repayable within 1 year	-	-	-	214	15	199

16. SHARE CAPITAL - GROUP AND COMPANY

	2004		2003	
	No. of shares (^{'000})	\$'000	No. of shares (^{'000})	\$'000
Authorised:				
Ordinary shares of \$0.05 each	1,000,000	50,000	1,000,000	50,000
Issued and fully paid:				
At 1 January	480,422	24,021	480,000	24,000
Issue of 1,102,000 (2003: 422,000) shares under option scheme	1,102	55	422	21
At 31 December	481,524	24,076	480,422	24,021

During the year, the Company issued 1,102,000 ordinary shares of \$0.05 each at \$0.06 per share for cash on exercise of share options.

17. RESERVES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Share premium	6,101	6,090	6,101	6,090
Exchange translation reserve	80	61	-	-
Accumulated losses	(18,625)	(14,635)	(23,213)	(18,730)
	(12,444)	(8,484)	(17,112)	(12,640)

The application of the share premium account is governed by Section 69 of the Companies Act, Chapter 50.

The exchange translation reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Notes to the Financial Statements

for the year ended 31 December 2004

18. REVENUE

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

	Group	
	2004 \$'000	2003 \$'000
Sale of goods	25,148	25,781
Service revenue	5,958	9,780
	31,106	35,561

19. LOSS FROM OPERATIONS

The following items have been included in arriving at loss from operations:

	Group	
	2004 \$'000	2003 \$'000
Interest income from bank deposits	(30)	(40)
Loss on disposal of subsidiary	19	44
Staff costs	7,541	9,885
Contributions to defined contribution plans included in staff costs	566	979
Non-audit fees paid to auditors of the Company	15	40
Depreciation of property, plant and equipment	954	1,199
Amortisation of intangible assets	60	59
Allowance for doubtful trade receivables	175	708
Bad debts written off		
- trade receivables	39	-
- subsidiaries	-	-
Bad debts recovered from trade receivables	(19)	-
Inventories written-down	1,394	2,024
Exchange loss, net	7	91
Operating lease expense	544	807
Professional fee paid to a firm in which a director has an interest	84	58
Loss on disposal of property, plant and equipment	273	170

	2004	2003
Number of employees as at 31 December	181	218

20. FINANCE COSTS

	Group	
	2004 \$'000	2003 \$'000
Interest expense:		
- bank loans	107	41
- finance lease	19	30
- others	30	-
	156	71

Notes to the Financial Statements

for the year ended 31 December 2004

21. TAXATION

	Group	
	2004 \$'000	2003 \$'000
Current tax expense		
Current year	192	-
Under provided in prior years	65	27
Income tax expense	257	27

	Group	
	2004 \$'000	2003 \$'000
Reconciliation of effective tax rate		
Loss before tax	3,733	3,944
Income tax benefits using Singapore tax rate of 20% (2003: 22%)	(747)	(868)
Deferred tax assets not recognised	988	1,208
Utilisation of deferred tax assets previously not recognised	(194)	-
Group tax relief	(1)	(407)
Under provided in prior years	65	27
Others	146	67
	257	27

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2004 \$'000	2003 \$'000
Deductible temporary differences	338	732
Tax losses	36,452	30,832
	36,790	31,564

The tax losses and deductible temporary differences are primarily attributable to subsidiaries operating in Singapore and the tax losses and deductible temporary differences do not expire under current year legislation. The unutilised tax losses are available for set-off against future profits subject to the provisions of Section 37 of the Income Tax Act.

Notes to the Financial Statements

for the year ended 31 December 2004

22. LOSS PER SHARE

(a) Basic loss per share

	Group	
	2004 \$'000	2003 \$'000

The basic loss per share is based on:

(i) Net loss for the year	3,990	3,971
---------------------------	--------------	-------

	Group	
	2004 No. of shares '000	2003 No. of shares '000
(ii) Weighted average number of shares outstanding during the year	481,429	480,070

(b) Diluted loss per share

There is no dilutive effect on loss per share as all unissued potential ordinary shares are anti-dilutive as the Group incurred a loss during the financial year.

23. 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 Scheme is available to employees of the Company and its subsidiaries.

The life of the Scheme is ten 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 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.

Notes to the Financial Statements

for the year ended 31 December 2004

23. EMPLOYEE BENEFITS (CONT'D)

Employee share incentive plan (cont'd)

Details of the options granted under the Scheme to subscribe for ordinary shares of \$0.05 each of the Company as at the end of the financial year are as follows:

Date of grant of options	Exercise price	Number of options outstanding at 1 January 2004	Options exercised	Options cancelled/lapsed	Number of options outstanding at 31 December 2004	Number of options exercisable 1 January 2004	Number of options exercisable 31 December 2004	Proceeds on options exercised to share capital \$'000	Credited to share premium \$'000	Exercise period
28/10/1999	\$0.267	580,000	-	(541,000)	39,000	580,000	39,000	-	-	28/10/2000 to 27/10/2009
10/11/2000	\$0.297	971,000	-	(772,000)	199,000	971,000	199,000	-	-	10/11/2001 to 09/11/2010
01/11/2002	\$0.062	1,200,000	-	(1,200,000)	-	1,200,000	-	-	-	01/11/2003 to 31/10/2012
01/11/2002	\$0.062	1,200,000	-	(1,200,000)	-	-	-	-	-	01/11/2004 to 31/10/2012
01/11/2002	\$0.062	1,200,000	-	(1,200,000)	-	-	-	-	-	01/11/2005 to 31/10/2012
01/11/2002	\$0.062	1,200,000	-	(1,200,000)	-	-	-	-	-	01/11/2006 to 31/10/2012
11/11/2002	\$0.060	2,912,000	(1,102,000)	(1,786,000)	24,000	2,912,000	24,000	55	11	11/11/2003 to 10/11/2012
11/11/2002	\$0.060	6,380,000	-	(4,274,000)	2,106,000	-	2,106,000	-	-	11/11/2004 to 10/11/2012
17/02/2004	\$0.050	578,000	-	(578,000)	-	-	-	-	-	17/02/2004 to 16/02/2013
17/02/2004	\$0.050	1,157,000	-	(1,157,000)	-	-	-	-	-	17/02/2005 to 16/02/2013
31/05/2004	\$0.083	10,080,000	-	(7,184,000)	2,896,000	-	2,896,000	-	-	31/05/2004 to 30/05/2013
31/05/2004	\$0.083	10,080,000	-	(7,184,000)	2,896,000	-	2,896,000	-	-	31/05/2005 to 30/05/2013
31/05/2004	\$0.083	10,080,000	-	(7,184,000)	2,896,000	-	2,896,000	-	-	31/05/2006 to 30/05/2013
		47,618,000	(1,102,000)	(35,460,000)	11,056,000	5,663,000	5,264,000	55	11	

Notes to the Financial Statements

for the year ended 31 December 2004

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

	Group	
	2004	2003
	\$'000	\$'000
Sales to substantial shareholder of holding company	6	13
Sales to affiliated companies	415	3,295
Professional fees payable to holding company	-	6
Professional fees payable to affiliated company	12	-
Interest expense payable to a firm, in which a director has an interest, in connection with a letter of credit issued for a subsidiary	8	-
Key management staff costs	1,536	1,442

The Group, in normal course of business, transacts with the holding company and affiliated companies on arms-length terms.

25. COMMITMENTS

Lease commitments

Commitments of the Group and the Company for minimum lease payments under non-cancellable operating leases with terms of more than one year are as follows:

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Payable:				
Within 1 year	399	466	285	423
After 1 year but within 5 years	792	256	651	239
	1,191	722	936	662

Other commitments

As at 31 December 2004, the Company is committed to purchase inventories amounting to \$2,392,000 from a vendor.

26. FINANCIAL INSTRUMENTS

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:

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 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 on trade payables and borrowings denominated in foreign currencies, primarily the US dollar.

At 31 December 2004, the Group has no outstanding foreign exchange contracts.

Notes to the Financial Statements

for the year ended 31 December 2004

26. FINANCIAL INSTRUMENTS (CONT'D)

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. Cash and cash equivalents are placed with various reputable financial institutions.

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 borrowings.

Effective interest rate and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

Group	Effective interest rate	Total	Floating interest	Fixed interest rate maturing	
				Within 1 year	After 1 year but within 5 years
2004	%	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Secured loan financing	4.37	(900)	(900)	-	-
Secured short-term bank loans	5.22	(822)	(822)	-	-
Finance lease liabilities	3.50	(15)	-	(5)	(10)
		(1,737)	(1,722)	(5)	(10)
2003					
Financial Liabilities					
Secured loan financing	3.72	(1,600)	(1,600)	-	-
Finance lease liabilities	3.63	(220)	-	(211)	(9)
		(1,820)	(1,600)	(211)	(9)

Notes to the Financial Statements

for the year ended 31 December 2004

26. FINANCIAL INSTRUMENTS (CONT'D)

Effective interest rate and repricing analysis (cont'd)

Company 2004	Effective interest rate %	Total \$'000	Floating interest \$'000	Fixed interest rate maturing	
				Within 1 year \$'000	After 1 year but within 5 years \$'000
Financial Liabilities					
Secured loan financing	4.37	(900)	(900)	-	-
Secured short-term bank loans	5.22	(822)	(822)	-	-
		(1,722)	(1,722)	-	-
2003					
Financial Liabilities					
Secured loan financing	3.72	(1,600)	(1,600)	-	-
Finance lease liabilities	3.63	(199)	(199)	-	-
		(1,799)	(1,799)	-	-

Fair value

The carrying amounts of financial assets and liabilities approximate fair values.

27. CONTINGENT LIABILITIES

	Company	
	2004 \$'000	2003 \$'000
Indemnities given to a firm, in which a director has an interest, in connection with a letter of credit issued for a subsidiary	390	-
Indemnities given to a bank in connection with unsecured performance guarantees issued for subsidiaries and associates	410	622

Notes to the Financial Statements

for the year ended 31 December 2004

28. SEGMENT REPORTING

The activities of the Company and its subsidiaries are substantially in the telecommunication industry and, therefore, reporting by industry segment is not applicable. Geographical segment disclosure is therefore presented as the primary segment format. 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:

2004	Singapore \$'000	Asia (excluding Singapore) \$'000	Elimination \$'000	Consolidated \$'000
Revenue and Expense				
Sales to external customers	14,036	17,070	-	31,106
Inter-segment sales	2,788	4	(2,792)	-
Total revenue	16,824	17,074	(2,792)	31,106
Segment results	(3,875)	298		(3,577)
Finance costs				(156)
Loss before income tax				(3,733)
Income tax				(257)
Net loss				(3,990)
Assets and Liabilities				
Segment assets	30,525	13,964	(20,845)	23,644
Segment liabilities	29,434	15,057	(34,364)	10,127
Interest-bearing borrowings				1,737
Income tax liabilities				148
Total liabilities				12,012
Capital expenditure	591	335		926
Significant non-cash items				
Depreciation of property, plant and equipment	629	325		954
Amortisation of intangible assets	-	60		60
Loss on disposal of property, plant and equipment	186	87		273
Loss on disposal of subsidiary	19	-		19

Notes to the Financial Statements

for the year ended 31 December 2004

28. SEGMENT REPORTING (CONT'D)

2003 Revenue and Expense	Singapore \$'000	Asia (excluding Singapore) \$'000	Elimination \$'000	Consolidated \$'000
Sales to external customers	25,355	10,206	-	35,561
Inter-segment sales	2,403	52	(2,455)	-
Total revenue	27,758	10,258	(2,455)	35,561
Segment results	(3,630)	(243)		(3,873)
Finance costs				(71)
Loss before income tax				(3,944)
Income tax				(27)
Net loss				(3,971)
Assets and Liabilities				
Segment assets	36,625	7,692	(16,644)	27,673
Segment liabilities	31,050	10,009	(30,770)	10,289
Interest-bearing borrowings				1,820
Income tax liabilities				27
Total liabilities				12,136
Capital expenditure	94	82		176
Significant non-cash items				
Depreciation of property, plant and equipment	935	264		1,199
Amortisation of intangible assets	-	59		59
Loss/(Gain) on disposal of property, plant and equipment	186	(16)		170
Loss on disposal of subsidiary	44	-		44

Shareholding Statistics

as at 21 March 2005

LIST OF TWENTY-ONE LARGEST SHAREHOLDERS

S/N	Name of Shareholder	No. of Shares	%
1	DBS NOMINEES PTE LTD	78,771,923	16.36
2	RAFFLES NOMINEES PTE LTD	74,637,677	15.50
3	UOB KAY HIAN PTE LTD	51,107,000	10.61
4	QUEK CHEK LAN	40,959,000	8.51
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	28,862,040	5.99
6	KIM ENG SECURITIES PTE. LTD.	22,914,120	4.76
7	PHILLIP SECURITIES PTE LTD	19,901,000	4.13
8	SHAMSUDDIN BIN ABDUL KADIR	7,980,000	1.66
9	OCBC SECURITIES PRIVATE LTD	6,633,000	1.38
10	OCBC NOMINEES SINGAPORE PTE LTD	4,935,080	1.02
11	CHIN CHEE KEONG	1,813,000	0.38
12	LAM WING HONG	1,798,000	0.37
13	DBS VICKERS SECURITIES (S) PTE LTD	1,770,000	0.37
14	WOO KOON CHEE	1,400,000	0.29
15	LIEW KIM SWEE PHILIP	1,250,000	0.26
16	MEIKO BUILDING MATERIALS SUPPLIER (S) PRIVATE LIMITED	1,100,000	0.23
17	NG SIEW LENG	1,087,472	0.23
18	MAYBAN NOMINEES (S) PTE LTD	1,029,000	0.21
19	FRASER SECURITIES PTE LTD	1,020,000	0.21
20	NETTO PASCAL BAYLON S/O PETER J NETTO	1,000,000	0.21
21	NORMAN LAI WAI CHI	1,000,000	0.21
TOTAL:		350,968,312	72.89

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	39	0.71	9,808	-
1,000 - 10,000	3,633	66.22	16,597,520	3.45
10,001 - 1,000,000	1,795	32.72	115,948,360	24.08
1,000,001 - and above	19	0.35	348,968,312	72.47
Grand Total	5,486	100.00	481,524,000	100.00

Shareholding Statistics

as at 21 March 2005

SUBSTANTIAL SHAREHOLDERS

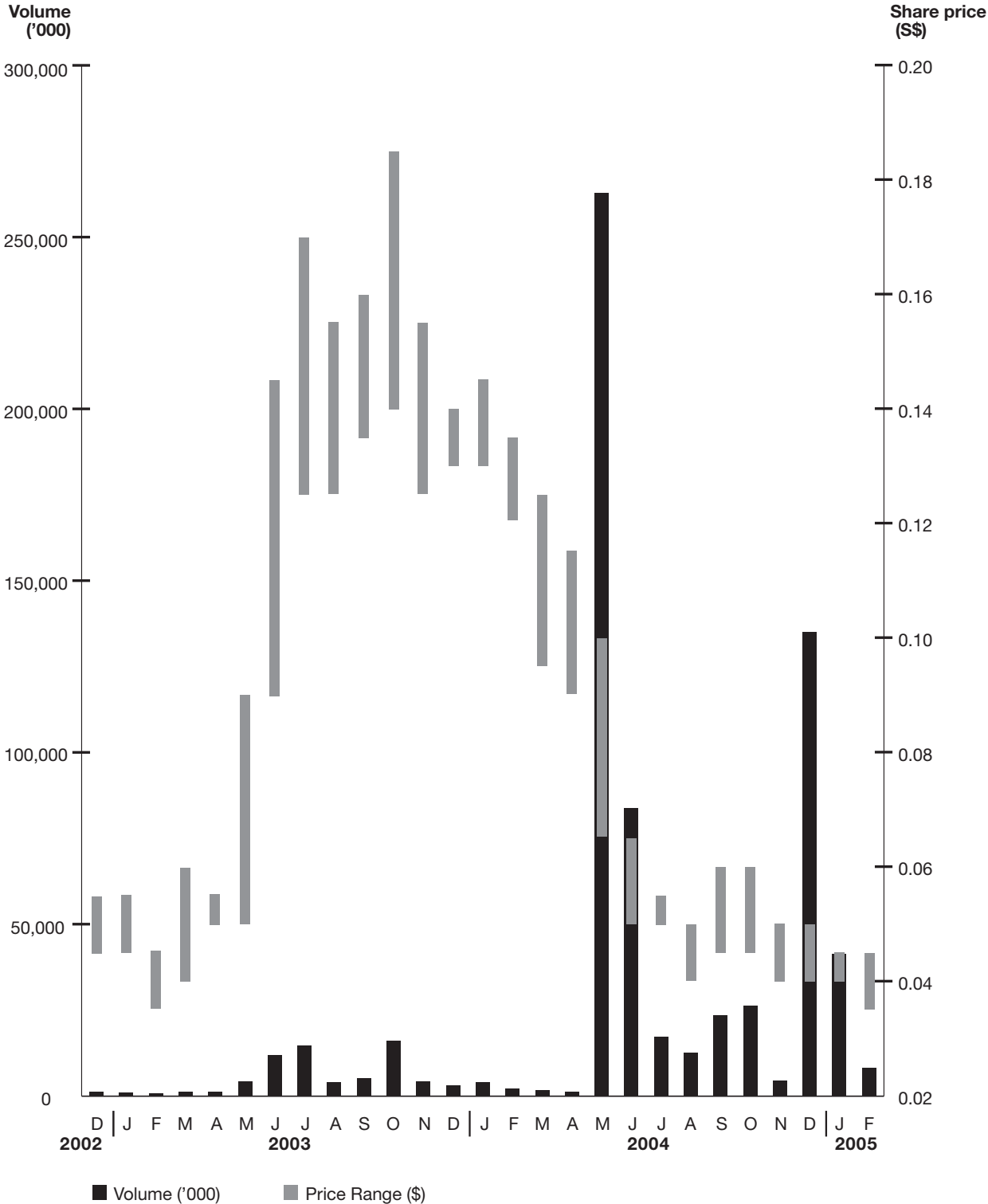
	Direct Interest		Number of Shares % Deemed Interest	%
Anchorage Asset Limited ⁽¹⁾ ("Anchorage")	78,959,000	16.40	-	-
Quek Chek Lan ⁽²⁾	-	-	98,959,000	20.55
NTUC Income Insurance Cooperative Limited	74,337,677	15.44	-	-
DBS Bank Ltd. ("DBS")	72,850,923	15.13	-	-
DBS Group Holdings Ltd ⁽³⁾ ("DBS Group")	-	-	72,850,923	15.13
MND Holdings (Private) Limited ⁽⁴⁾ ("MND")	-	-	72,850,923	15.13
Temasek Holdings (Pte) Limited ⁽⁵⁾ ("Temasek")	-	-	72,930,923	15.15
IS Investment Group Limited ("IS")	50,000,000	10.38	-	-
Datuk Izhar Bin Sulaiman ⁽⁶⁾	-	-	50,000,000	10.38

As at 21 March 2005, the percentage of shareholdings of the Company held in the hands of the public was more than 10 percent and Rule 723 of the Listing Manual is complied with.

Notes :

- (1) Anchorage's shares are registered through its nominees, namely, Quek Chek Lan and Chan Sing En.
- (2) Quek Chek Lan is deemed to have an interest through Anchorage and Aetna Private Limited.
- (3) DBS Group is deemed to have an interest through DBS.
- (4) MND is deemed to have an interest through DBS Group and DBS.
- (5) Temasek is deemed to have an interest through DBS Group, DBS and the PSA group of companies.
- (6) Datuk Izhar Bin Sulaiman is deemed to have an interest through IS.

Share Price and Volume



Notice of Annual General Meeting

TELEDATA (Singapore) Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 197600922M)

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of the Company will be held at 151 Lorong Chuan, #04-02 New Tech Park (Lobby B), Singapore 556741 on Tuesday, 26 April 2005 at 9.30 am to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts of the Company for the financial year ended 31 December 2004 and the Directors' Report and the Auditors' Report thereon. (Resolution 1)
2. To re-elect the following Directors retiring by rotation pursuant to Article 104 of the Company's Articles of Association:
 - (i) Mr. Wong Soo Chong (Resolution 2a)
 - (ii) Mr. Wong Joo Wan (Resolution 2b)
 - (iii) Dr. Lim Cheok Sin (Resolution 2c)
 - (iv) Mr. Nicholas Jeyaraj s/o Narayanan (Resolution 2d)
 - (v) Mr. Ong Tai Tiong Desmond (Resolution 2e)

Mr. Wong Joo Wan will upon re-election as Director of the Company, remain as Chairman 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.

Mr. Nicholas Jeyaraj s/o Narayanan and Dr. Lim Cheok Sin 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.

3. To re-appoint KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 3)

AS SPECIAL BUSINESS

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

4. Authority to allot and issue shares
 - (a) "That pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

Notice of Annual General Meeting

- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that
- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's issued share capital, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed, after adjusting for:
- a) new shares arising from the conversion or exercise of convertible securities, or
 - b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and
 - c) any subsequent consolidation or subdivision of the Company's shares, and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 4)

(See Explanatory Note 1)

5. 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, Cap. 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, as determined in accordance with the provisions of the Scheme."

(Resolution 5)

(See Explanatory Note 2)

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

BY ORDER OF THE BOARD

LATHIKA DEVI AMMA d/o K R PILLAY (MS)
LIM KA BEE (MS)
Company Secretaries

Singapore
11 April 2005

Notice of Annual General Meeting

Explanatory Notes:

1. The ordinary resolution in item 4 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 per cent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20 per cent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited currently provides that the issued share capital of the Company for this purpose shall be the issued share capital at the time of this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
2. The ordinary resolution proposed in item 5 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 shares under the 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 151 Lorong Chuan, #04-02 New Tech Park (Lobby B), Singapore 556741 not later than 48 hours before the time appointed for the Meeting.

PROXY FORM

TELEDATA (SINGAPORE) LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 197600922M)



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 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 No.	Proportion of shareholdings to be represented by proxy (%)

*and/or, failing him/her

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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 Annual General Meeting of the Company to be held at 151 Lorong Chuan, #04-02 New Tech Park (Lobby B), Singapore 556741 on Tuesday, 26 April 2005 at 9.30 am 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.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Accounts for the financial year ended 31 December 2004 and the Report of the Directors and Auditors thereon.		
2a.	To re-elect Mr. Wong Soo Chong retiring by rotation pursuant to Article 104.		
2b.	To re-elect Mr. Wong Joo Wan retiring by rotation pursuant to Article 104.		
2c.	To re-elect Dr. Lim Cheok Sin retiring by rotation pursuant to Article 104.		
2d.	To re-elect Mr. Nicholas Jeyaraj s/o Narayanan retiring by rotation pursuant to Article 104.		
2e.	To re-elect Mr. Ong Tai Tiong Desmond retiring by rotation pursuant to Article 104.		
3.	To re-appoint KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.		
4.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited.		
5.	To authorise Directors to issue shares pursuant to the Teledata Share Option Scheme.		

Dated this _____ day of _____ 2005

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 his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed 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 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 151 Lorong Chuan, #04-02 New Tech Park (Lobby B), Singapore 556741 not later than 48 hours before the time set 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 the 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, this form of proxy 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 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 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
151 Lorong Chuan
#04-02 New Tech Park (Lobby B)
Singapore 556741

2ND FOLD HERE

3RD FOLD HERE



TELEDATA (SINGAPORE) LIMITED
151 Lorong Chuan #04-02 New Tech Park (Lobby B) Singapore 556741
Tel: (65) 6248 1800 Fax: (65) 6248 1801
www.teledata.com.sg

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