



birds eye view

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended September 30, 2006.

1 DIRECTORS

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

Patrick Keith Quarmby
William Bruce Grahame Padfield
Philip Chu Yan-Jy
Jeremy John Ord
Ronald John Cattell
Josua Malherbe
Seet Ai Mee
Frank Yung-Cheng Yung
Lal Chandra Singh
Stephen Michael Joubert (Alternate director to Josua Malherbe)
Brett William Dawson (Alternate director to Jeremy John Ord)

In accordance with Article 104 of the Articles of Association of the Company, Lal Chandra Singh, Jeremy John Ord and Josua Malherbe retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 153(6) of the Singapore Companies Act, Chapter 50 (as may be amended from time to time) ("Companies Act"), Frank Yung-Cheng Yung retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. Frank Yung-Cheng Yung, an independent director, when re-appointed, will remain as Chairman of the Audit Committee of the Company.

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options rights mentioned below.

Report of the Directors (cont'd)

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act except as follows:

| Name of director and company in which interests are held | Interest held | |
|---|-----------------------------------|-----------------------------|
| | At beginning of financial year | At end of financial year |
| The ultimate holding company | | |
| - Dimension Data Holdings plc | | |
| Ordinary shares of US1 cent each | | |
| Patrick Keith Quarmby | 138,165 | 138,165 |
| Patrick Keith Quarmby - deemed | 256,460 | 256,460 |
| Jeremy John Ord | 1,612,095 | 1,612,095 |
| Jeremy John Ord - deemed | 8,669,763 | 8,669,763 |
| Ronald John Cattell - deemed | 26,000 | 26,000 |
| Brett William Dawson | 1,532 | 1,532 |
| Stephen Michael Joubert | 163,155 | 163,155 |
| The ultimate holding company | | |
| - Dimension Data Holdings plc | | |
| Options to acquire ordinary shares of US1 cent each | | |
| Patrick Keith Quarmby | 3,095,800 | 3,095,800 |
| William Bruce Grahame Padfield | 100,000 | 100,000 |
| Jeremy John Ord | 7,657,222 | 7,657,222 |
| Ronald John Cattell | 100,000 | 100,000 |
| Brett William Dawson | 4,398,859 | 4,398,859 |
| Stephen Michael Joubert | 3,098,914 | 3,098,914 |
| The ultimate holding company | | |
| - Dimension Data Holdings plc | | |
| Shares of US1 cent each under Long-Term Incentive Plan | | |
| Patrick Keith Quarmby | 300,000 | 905,000 |
| William Bruce Grahame Padfield | 50,000 | 125,000 |
| Jeremy John Ord | 600,000 | 1,900,000 |
| Brett William Dawson | 600,000 | 1,900,000 |
| Stephen Michael Joubert | 400,000 | 1,243,000 |
| The ultimate holding company | | |
| - Dimension Data Holdings plc | | |
| Shares of US1 cent each under Share Appreciation Rights Scheme | | |
| Patrick Keith Quarmby | 300,000 | 300,000 |
| William Bruce Grahame Padfield | 50,000 | 50,000 |
| Jeremy John Ord | 600,000 | 600,000 |
| Brett William Dawson | 600,000 | 600,000 |
| Stephen Michael Joubert | 400,000 | 400,000 |

Report of the Directors (cont'd)

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

| Name of director and company in which interests are held | Interest held | |
|---|--|-----------------------------|
| | At beginning of financial year | At end of financial year |
| The Company - Datacraft Asia Ltd | | |
| | Ordinary shares | |
| Ronald John Cattell | 404,072 | 404,072 |
| Ronald John Cattell - deemed | 1,009,075 | 1,009,075 |
| Frank Yung-Cheng Yung | 30,000 | 20,000 |
| Frank Yung-Cheng Yung - deemed | 53,204 | 53,204 |
| Seet Ai Mee | 38,000 | 38,000 |
| William Bruce Grahame Padfield | 110,000 | 110,000 |
| | Options to acquire ordinary shares under the Datacraft Asia Share Option Scheme ("Previous Scheme") | |
| William Bruce Grahame Padfield | 660,000 | 660,000 |
| Philip Chu Yan-Jy | 750,000 | 750,000 |
| Ronald John Cattell | 1,250,000 | 1,250,000 |
| Frank Yung-Cheng Yung | 390,000 | 350,000 |
| Seet Ai Mee | 275,000 | 275,000 |
| | Options to acquire ordinary shares under the Datacraft Asia Share Option Scheme 2003 ("Scheme 2003") | |
| William Bruce Grahame Padfield | 1,120,000 | 1,370,000 |
| Philip Chu Yan-Jy | 280,000 | 480,000 |
| Ronald John Cattell | 50,000 | 50,000 |
| Frank Yung-Cheng Yung | 50,000 | 50,000 |
| Seet Ai Mee | 50,000 | 50,000 |
| Lal Chandra Singh | 50,000 | 50,000 |

There was no change in any of the abovementioned interests between the end of the financial year and October 21, 2006.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Companies Act by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations and as disclosed in the financial statements.

Report of the Directors (cont'd)

5 DATACRAFT ASIA SHARE OPTION SCHEMES AND PERFORMANCE SHARE PLAN

Share Option Schemes

- a) The Company has two share option schemes. The Previous Scheme was adopted in 1996. During the financial year ended September 30, 2003, the Previous Scheme was terminated and replaced by the Scheme 2003. The termination of the Previous Scheme does not affect the rights of outstanding options ("Options") granted under the Previous Scheme. Such Options continue to be exercisable in accordance with the rules of the Previous Scheme. However, upon the termination of the Previous Scheme on February 27, 2003, no further Options were granted under the Previous Scheme.
- b) The main terms of the Previous Scheme and Scheme 2003 are as follow:
- (i) The Options may be exercised in respect of 1,000 Shares or a multiple thereof, on the payment of the applicable exercise price.
 - (ii) The Options (other than Options granted at a discount) may be exercised in the following manner:
 - 1) 25% of the Option amount at any time after the first anniversary of the date of the grant;
 - 2) a further 25% of the Option amount at any time after the second anniversary of the date of the grant;
 - 3) a further 25% of the Option amount at any time after the third anniversary of the date of the grant; and
 - 4) the final 25% of the Option amount at any time after the fourth anniversary of the date of the grant.
 - (iii) Options granted at a discount may be exercised in the following manner:
 - 1) 50% of the Option amount at any time after the second anniversary of the date of the grant;
 - 2) a further 25% of the Option amount at any time after the third anniversary of the date of the grant; and
 - 3) the final 25% of the Option amount at any time after the fourth anniversary of the date of the grant.
 - (iv) The option period for Options granted prior to January 20, 2006 is 10 years, except for those Options granted to non-executive directors of the Company, subsidiaries and associated companies which carry a 5-year option period.
 - (v) The Options, to the extent unexercised, shall unless the committee ("Committee") administering the Previous Scheme or Scheme 2003 (as the case may be) otherwise determines in accordance with the rules of the respective schemes lapse upon the employee ceasing to be employed by the Company or its subsidiaries or controlled associated companies.

Report of the Directors (cont'd)

5 DATACRAFT ASIA SHARE OPTION SCHEMES AND PERFORMANCE SHARE PLAN (cont'd)

Share Option Schemes (cont'd)

In addition under the Scheme 2003,

- (i) the Committee may grant options at any time except that no options shall be granted during the period commencing one month before the announcement of the Group's results for each of the first three quarters of its financial year, half year or financial year, as the case may be, and ending on the date of the announcement of the relevant results;
 - (ii) the total number of options granted to non-executive directors and to non-executive directors who are also members of the Audit Committee, shall not exceed 3% and 2% of the shares available under Scheme 2003, respectively; and
 - (iii) the aggregate number of shares ("Shares") of the Company that may be issued under the Scheme 2003, when added to the number of Shares issued and issuable in respect of (a) all Options granted under the Scheme 2003 and (b) all awards ("Awards") granted under the Datacraft Asia Performance Share Plan ("Performance Share Plan") shall not exceed 15% of the issued Shares of the Company from time to time.
- c) On January 20, 2006, the shareholders of the Company ("Shareholders") approved certain modifications to the Scheme 2003 and modifications to the terms and conditions of Options granted under the Previous Scheme.

For the Previous Scheme, the modifications as approved by Shareholders allowed for flexibility of settlement in respect of the exercise of outstanding Options granted under the Previous Scheme. In addition to allotting and issuing new Shares to participants upon the exercise of Options, the Company has the discretion to also deliver treasury shares ("Treasury Shares") and/or pay the equivalent value in cash to the participant in lieu of issuing or delivering Shares to the participants.

The main modifications to the Scheme 2003 are as follow:

- (i) The maximum option period is shortened from 10 years to 7 years for Options granted to the participants after January 20, 2006. Existing Options granted with a 10-year option period prior to January 20, 2006 will continue to have the same 10-year option period.
- (ii) Performance targets were introduced as vesting conditions in addition to service conditions, that is, so long as a participant completes a specified period of service, the relevant Option will vest and become exercisable by such participant ("Service Conditions"). In respect of Options granted after January 20, 2006, such Options will only vest and become exercisable when the participant satisfies the Service Conditions and achieves performance targets which are currently based on (a) profit before tax of the Group with respect to the holder of the Options who are employees of the Company and (b) profit before tax of the relevant subsidiary or controlled associated company in the case of any other employees. Such performance targets do not apply to non-executive directors. Options under the Scheme 2003 that were granted before January 20, 2006 continue to have only Service Conditions.
- (iii) In addition to allotting and issuing new Shares to participants upon the exercise of Options under the Scheme 2003, the Company has the flexibility to also determine whether to deliver Treasury Shares and/or pay the equivalent value in cash to the participant in lieu of issuing or delivering Shares to the participants.
- (iv) The expected value of the aggregate of all Options granted under the Scheme 2003, all Awards granted under Performance Share Plan and all options and awards granted under any future share-based incentive schemes of the Company ("Share-based Incentives") granted to an executive director or executive in any financial year shall not exceed that executive director's or executive's basic annual salary determined by the Company in accordance with the rules of the Scheme 2003 as at the date falling immediately prior to the date of grant. The aggregate expected value of all Share-based Incentives, valued at "fair value" as defined under FRS 102 shall not exceed 10% of the aggregate annual basic salary costs of the Group in each financial year.

Report of the Directors (cont'd)

5 DATACRAFT ASIA SHARE OPTION SCHEMES AND PERFORMANCE SHARE PLAN (cont'd)

Share Option Schemes (cont'd)

- d) During the financial year,
- (i) Options in respect of 6,565,000 unissued shares were granted pursuant to the Scheme 2003;
 - (ii) the Company issued 414,000 new Shares and delivered 134,000 Shares by way of transfer of Treasury Shares upon the exercise of Options under the Previous Scheme; and
 - (iii) the Company issued 259,000 new Shares and delivered 66,000 Shares by way of transfer of Treasury Shares upon the exercise of Options under the Scheme 2003.

The subscription price for Shares upon the exercise of an Option was equal to the market price of the Shares based on the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the last three consecutive market days on which there were transactions done for the Shares on the SGX-ST immediately preceding the date of grant of that option ("Market Price").

Based on the Singapore Financial Reporting Standards effective for the current financial year, the Group has recognised the share-based payments expenses in the profit and loss statement amounting to US\$1,537,000 (2005 : US\$1,950,000).

The Company believes that the terms of the Scheme 2003 as adopted operate as a means to acknowledge and reward the valuable contributions of directors and employees, and to motivate them to optimise their performance standards, dedication and efficiency, as well as to retain them.

The details of the Options of the directors under the Previous Scheme and the Scheme 2003 are as follow:

| Name of directors | Options granted during the financial year | Aggregate Options granted since commencement to September 30, 2006 | Aggregate Options exercised since commencement to September 30, 2006 | Aggregate Options cancelled as at September 30, 2006 | Aggregate Options outstanding as at September 30, 2006 |
|--------------------------------|---|--|--|--|--|
| Previous Scheme | | | | | |
| William Bruce Grahame Padfield | - | 1,760,000 | 220,000 | 880,000 | 660,000 |
| Philip Chu Yan-Jy | - | 1,350,000 | - | 600,000 | 750,000 |
| Ronald John Cattell | - | 8,000,000 | 2,700,000 | 4,050,000 | 1,250,000 |
| Frank Yung-Cheng Yung | - | 640,000 | 100,000 | 190,000 | 350,000 |
| Seet Ai Mee | - | 540,000 | 75,000 | 190,000 | 275,000 |
| Scheme 2003 | | | | | |
| William Bruce Grahame Padfield | 250,000 | 1,370,000 | - | - | 1,370,000 |
| Philip Chu Yan-Jy | 200,000 | 480,000 | - | - | 480,000 |
| Ronald John Cattell | - | 50,000 | - | - | 50,000 |
| Frank Yung-Cheng Yung | - | 50,000 | - | - | 50,000 |
| Seet Ai Mee | - | 50,000 | - | - | 50,000 |
| Lal Chandra Singh | - | 50,000 | - | - | 50,000 |

Report of the Directors (cont'd)

5 **DATA-CRAFT ASIA SHARE OPTION SCHEMES AND PERFORMANCE SHARE PLAN (cont'd)****Share Option Schemes (cont'd)**

Pursuant to the Previous Scheme and the Scheme 2003, 1,105,000 and 2,258,000 Options were cancelled, resulting in a balance of 13,097,000 and 15,736,000 Options outstanding respectively at September 30, 2006 as follow:

| Date of grant | Balance at October 1, 2005/ date of grant | Number of Options | | Balance at September 30, 2006 | Subscription price US\$ | Expiry date* |
|------------------------|---|-------------------|------------------|-------------------------------------|-------------------------------|-------------------|
| | | Exercised | Cancelled | | | |
| Previous Scheme | | | | | | |
| January 28, 1999 | 500,000 | - | - | 500,000 | 1.77 | January 28, 2009 |
| September 3, 1999 | 488,000 | - | 46,000 | 442,000 | 3.92 | September 3, 2009 |
| March 3, 2000 | 15,000 | - | - | 15,000 | 8.13 | March 3, 2010 |
| April 10, 2000 | 27,000 | - | 10,000 | 17,000 | 8.08 | April 10, 2010 |
| August 28, 2000 | 191,000 | - | 4,000 | 187,000 | 7.88 | August 28, 2010 |
| December 5, 2000 | 18,000 | - | 18,000 | - | 6.20 | December 5, 2010 |
| February 13, 2001 | 158,000 | - | 26,000 | 132,000 | 5.88 | February 13, 2011 |
| April 12, 2001 | 219,000 | - | 14,000 | 205,000 | 3.95 | April 12, 2011 |
| June 29, 2001 | 1,210,000 | - | 128,000 | 1,082,000 | 4.10 | June 29, 2011 |
| January 25, 2002 | 6,026,000 | - | 456,000 | 5,570,000 | 2.18 | January 25, 2012 |
| November 28, 2002 | 6,139,000 | 789,000 | 403,000 | 4,947,000 | 0.725 | November 28, 2012 |
| | <u>14,991,000</u> | <u>789,000</u> | <u>1,105,000</u> | <u>13,097,000</u> | | |
| Scheme 2003 | | | | | | |
| December 29, 2003 | 5,602,000 | - | 774,000 | 4,828,000 | 1.147 | December 29, 2013 |
| November 23, 2004 | 6,282,000 | 455,000 | 962,000 | 4,865,000 | 0.835 | November 23, 2014 |
| February 20, 2006 | 6,565,000 | - | 522,000 | 6,043,000 | 1.140 | February 20, 2013 |
| | <u>18,449,000</u> | <u>455,000</u> | <u>2,258,000</u> | <u>15,736,000</u> | | |

* The option period for Options granted on or after January 28, 1999 but before January 20, 2006 is 10 years, except for Options granted to non-executive directors of the Company, subsidiaries and controlled associated companies which carry a 5-year option period. Options granted after January 20, 2006 are for a shortened period of 7 years, except for Options granted to non-executive directors of the Company, subsidiaries and controlled associated companies which carry a 5-year option period.

e) The members of the Committee administering the Previous Scheme and the Scheme 2003 are:

- (i) Patrick Keith Quarmby
- (ii) Frank Yung-Cheng Yung
- (iii) Seet Ai Mee
- (iv) Ronald John Cattell

Report of the Directors (cont'd)

5 DATACRAFT ASIA SHARE OPTION SCHEMES AND PERFORMANCE SHARE PLAN (cont'd)

Share Option Schemes (cont'd)

- f) During the financial year,
- (i) except as disclosed above, no Options were granted to directors of the Company, controlling shareholders or their associates;
 - (ii) no person has received 5% or more of the total number of Shares or Options available under either of the Share Option Schemes;
 - (iii) no Options were granted at a discount to the Market Price; and
 - (iv) the persons to whom Options have been granted do not have the right to participate by virtue of the options in any share issue of any other company, except for the options in Dimension Data Holdings plc as mentioned in paragraph 3 above.

Performance Share Plan

- a) On January 20, 2006, Shareholders approved the Performance Share Plan pursuant to which awards of fully paid-up Shares will be granted, free of payment, to selected eligible participants, when and after pre-determined performance targets and/or service conditions are satisfied. The Awards may be settled by the issue of new Shares and/or the delivery of Treasury Shares and/or payment of the equivalent value in cash to participants in lieu of issuing or delivering Shares to the participants or combinations thereof at the sole discretion of the Company. During the financial year, no Awards were granted under the Performance Share Plan.
- b) The total number of new Shares which may be issued pursuant to Awards granted under the Performance Share Plan, when added to the number of Shares issued and issuable in respect of (a) all Awards granted under the Performance Share Plan and (b) all Options granted under the Scheme 2003, shall not exceed 15% of the issued Shares of the Company from time to time.
- c) The members of the Committee administering the Performance Share Plan are:
- (i) Patrick Keith Quarmby
 - (ii) Frank Yung-Cheng Yung
 - (iii) Seet Ai Mee
 - (iv) Ronald John Cattell

6 OPTION TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted, except as mentioned in the preceding paragraph.

Report of the Directors (cont'd)

7 OPTION EXERCISED

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares, except for the options exercised as mentioned above.

8 UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option, except as described in paragraph 5 above.

9 AUDIT COMMITTEE

The Audit Committee members are:

Frank Yung-Cheng Yung, Chairman, Independent Director

Seet Ai Mee, Independent Director

Patrick Keith Quarmby, Non-executive Director

The members of the Audit Committee, collectively, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation from Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The responsibilities of the Audit Committee mainly include:

- a) to review and recommend to the Board, the Company's quarterly, half-yearly and full year results including financial statements;
- b) to review the annual financial statements and to recommend them to the Board for approval;
- c) to review the plan, scope and results of the internal and external audits, and to evaluate, with the assistance of internal and external auditors, the adequacy of the systems of internal and accounting controls, risk management and compliance;
- d) to review the cost effectiveness of the external and internal audit and, where the external auditors provide a substantial volume of non-audit services to the Company, to review the nature, extent and costs of such services so as not to affect the independence and objectivity of the external auditors;
- e) to ensure that the internal audit function is adequately resourced and has appropriate standing and authority within the Company;
- f) to recommend to the Board the nomination of the external auditors; and
- g) to review the interested person transactions of the Company with the assistance of the internal auditors.

Report of the Directors (cont'd)

9 AUDIT COMMITTEE (cont'd)

The Audit Committee meets with the external and internal auditors, without the presence of Management, at least once a year.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that the provision of such services would not affect the independence of the auditors.

The Company has an arrangement where staff of the Company can access the CEO, CFO or Director of Internal Controls to raise any issues. The Director of Internal Controls, who reports directly to the Audit Committee, will notify the Chairman of the Audit Committee of all reported issues.

The Audit Committee met five times since the last Annual General Meeting and the meetings were attended by all members.

The Audit Committee has full access to and cooperation by the Management. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence of the external auditors and has recommended to the Board of Directors, the nomination of Deloitte & Touche for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

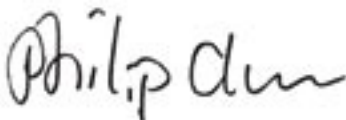
10 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



William Bruce Grahame Padfield



Philip Chu Yan-Jy

November 29, 2006

Auditors' Report

TO THE MEMBERS OF DATACRAFT ASIA LTD

We have audited the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of Datacraft Asia Ltd for the financial year ended September 30, 2006 set out on pages 69 to 116. 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 statements 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 and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at September 30, 2006 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company and those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



Deloitte & Touche
Certified Public Accountants
Singapore

Prakash Ambelal Desai
Partner
Appointed on February 27, 2003

November 29, 2006

Balance Sheets

September 30, 2006

| | Note | The Group | | The Company | |
|---|------|------------------|---|------------------|---|
| | | 2006 US\$'000 | 2005 US\$'000 (restated) ^(a) | 2006 US\$'000 | 2005 US\$'000 (restated) ^(a) |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | 6 | 151,364 | 113,635 | 8,267 | 2,300 |
| Trade receivables | 7 | 112,145 | 103,068 | 73,145 | 50,326 |
| Other receivables and prepayments | 8 | 29,846 | 35,256 | 1,925 | 2,992 |
| Inventories | 9 | 9,524 | 15,690 | - | - |
| Total current assets | | 302,879 | 267,649 | 83,337 | 55,618 |
| Non-current assets: | | | | | |
| Investment in associates | 10 | - | - | - | - |
| Investment in subsidiaries | 11 | - | - | 98,944 | 103,449 |
| Amount due from subsidiary | 12 | - | - | 3,170 | 3,170 |
| Plant and equipment | 13 | 12,934 | 14,711 | 2,316 | 2,015 |
| Goodwill | 14 | 648 | 648 | - | - |
| Available-for-sale investments | 15 | 1,157 | 1,159 | - | - |
| Deferred tax assets | 16 | 2,592 | 2,368 | - | - |
| Total non-current assets | | 17,331 | 18,886 | 104,430 | 108,634 |
| Total assets | | 320,210 | 286,535 | 187,767 | 164,252 |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities: | | | | | |
| Trade and other payables | 17 | 118,780 | 99,926 | 32,128 | 17,120 |
| Income tax payable | | 7,877 | 7,282 | 3,165 | 2,954 |
| Provisions | 18 | 1,063 | 1,251 | 122 | 141 |
| Current portion of finance leases | 19 | 26 | 19 | - | - |
| Total current liabilities | | 127,746 | 108,478 | 35,415 | 20,215 |
| Non-current liabilities: | | | | | |
| Finance leases | 19 | 19 | 23 | - | - |
| Deferred tax liabilities | 16 | 795 | 1,163 | 346 | 450 |
| Total non-current liabilities | | 814 | 1,186 | 346 | 450 |
| Capital and reserves: | | | | | |
| Issued capital | 21 | 139,999 | 14,080 | 139,999 | 14,080 |
| Share premium | | - | 205,652 | - | 205,652 |
| Treasury shares | 22 | (17,462) | - | (17,462) | - |
| Share options settlement reserve | | (28) | - | (28) | - |
| Share options reserve | | 4,258 | 3,085 | 4,258 | 3,085 |
| Statutory reserve | | 405 | 309 | - | - |
| Exchange difference reserve | | (1,776) | (5,975) | - | - |
| Goodwill on consolidation | | (149,751) | (151,746) | - | - |
| Retained earnings | | 215,172 | 110,501 | 25,239 | (79,230) |
| Equity attributable to equity holders of the Company | | 190,817 | 175,906 | 152,006 | 143,587 |
| Minority interests | | 833 | 965 | - | - |
| Total equity | | 191,650 | 176,871 | 152,006 | 143,587 |
| Total liabilities and equity | | 320,210 | 286,535 | 187,767 | 164,252 |

^(a) Restated to include the effects of adoption of the new Singapore Financial Reporting Standards applicable to the Group and the Company. Please refer to Note 2.

Consolidated Profit and Loss Statement

Year ended September 30, 2006

| | Note | The Group | |
|---------------------------------|------|------------------|---|
| | | 2006 US\$'000 | 2005 US\$'000 (restated) ^(a) |
| Revenue | 23 | 482,157 | 455,977 |
| Cost of sales | | (391,722) | (378,183) |
| Gross profit | | 90,435 | 77,794 |
| Other operating income | 24 | 9,544 | 3,944 |
| Other expenses: | | | |
| Distribution and Sales | | (40,832) | (41,039) |
| Administrative ^(b) | | (23,772) | (22,611) |
| Finance costs | 25 | (104) | (102) |
| Profit before income tax | | 35,271 | 17,986 |
| Income tax | 26 | (9,012) | (7,838) |
| Profit for the year | 27 | 26,259 | 10,148 |
| Attributable to: | | | |
| Equity holders of the Company | | 26,314 | 10,216 |
| Minority interests | | (55) | (68) |
| | | 26,259 | 10,148 |
| Earnings per ordinary share | | US Cents | US Cents |
| Basic | 28 | 5.68 | 2.19 |
| Fully diluted | 28 | 5.66 | 2.17 |

^(a) Restated to include the effects of adoption of the new Singapore Financial Reporting Standards applicable to the Group and the Company. Please refer to Note 2.

^(b) Included in the administrative expenses are the share-based payments expense of US\$1,537,000 (2005: US\$1,950,000).

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended September 30, 2006

| | < -----Reserves----- > | | | | | | | | | | | |
|--|-------------------------------|------------------------------|--------------------------------|--|---|----------------------------------|---|---|------------------------------------|-----------------------|-----------------------------------|-----------------------------|
| | Issued capital US\$'000 | Share premium US\$'000 | Treasury shares US\$'000 | Share options settlement reserve US\$'000 | Share options reserve US\$'000 | Statutory reserve US\$'000 | Exchange difference reserve US\$'000 | Goodwill on consolidation US\$'000 | Accumulated profits US\$'000 | Sub-total US\$'000 | Minority interests US\$'000 | Total equity US\$'000 |
| The Group | | | | | | | | | | | | |
| Balance at October 1, 2004 | | | | | | | | | | | | |
| As previously reported | 27,983 | 204,865 | - | - | - | 303 | (9,353) | (151,746) | 101,420 | 145,489 | 882 | 174,354 |
| Effect of adoption of FRS 102 | - | - | - | - | 1,135 | - | - | - | (1,135) | - | - | - |
| As restated | 27,983 | 204,865 | - | - | 1,135 | 303 | (9,353) | (151,746) | 100,285 | 145,489 | 882 | 174,354 |
| Translation differences arising during the year | - | - | - | - | - | 6 | 3,378 | - | - | 3,384 | 151 | 3,535 |
| Net profit for the year | - | - | - | - | - | - | - | - | 12,166 | 12,166 | (68) | 12,098 |
| Effect of adoption of FRS 102 | - | - | - | - | - | - | - | - | (1,950) | (1,950) | - | (1,950) |
| Total recognised income and expense for the year | - | - | - | - | - | 6 | 3,378 | - | 10,216 | 13,600 | 83 | 13,683 |
| Recognition of share-based payments | - | - | - | - | 1,950 | - | - | - | - | 1,950 | - | 1,950 |
| Issue of new shares | 72 | 787 | - | - | - | - | - | - | - | 787 | - | 859 |
| Capital reduction (Note 21) | (13,975) | - | - | - | - | - | - | - | - | - | - | (13,975) |
| Balance at September 30, 2005 | | | | | | | | | | | | |
| as restated | 14,080 | 205,652 | - | - | 3,085 | 309 | (5,975) | (151,746) | 110,501 | 161,826 | 965 | 176,871 |

Statements of Changes in Equity (cont'd)

Year ended September 30, 2006

| | -----Reserves-----> | | | | | | | | | | | Minority interests | Total equity |
|---|---------------------|---------------|-----------------|----------------------------------|-----------------------|-------------------|-----------------------------|---------------------------|---------------------|-----------|----------|--------------------|--------------|
| | Issued capital | Share premium | Treasury shares | Share options settlement reserve | Share options reserve | Statutory reserve | Exchange difference reserve | Goodwill on consolidation | Accumulated profits | Sub-total | | | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| The Group (cont'd) | | | | | | | | | | | | | |
| Balance at October 1, 2005 | | | | | | | | | | | | | |
| As previously reported | 14,080 | 205,652 | - | - | - | 309 | (5,975) | (151,746) | 113,586 | 161,826 | 965 | 176,871 | |
| Effect of adoption of FRS 102 | - | - | - | - | 3,085 | - | - | - | (3,085) | - | - | - | |
| As restated | 14,080 | 205,652 | - | - | 3,085 | 309 | (5,975) | (151,746) | 110,501 | 161,826 | 965 | 176,871 | |
| Translation differences arising during the year | - | - | - | - | - | 3 | 4,199 | - | - | 4,202 | (77) | 4,125 | |
| Transfer from accumulated profits to statutory reserve | - | - | - | - | - | 93 | - | - | (93) | - | - | - | |
| Transfer to accumulated profits due to closing down of subsidiary | - | - | - | - | - | - | - | 1,995 | (1,995) | - | - | - | |
| Net profit for the year | - | - | - | - | - | - | - | - | 26,314 | 26,314 | (55) | 26,259 | |
| Total recognised income and expense for the year | - | - | - | - | - | 96 | 4,199 | 1,995 | 24,226 | 30,516 | (132) | 30,384 | |
| Recognition of share-based payment | - | - | - | - | 1,537 | - | - | - | - | 1,537 | - | 1,537 | |
| Issue of share capital arising from the exercise of share options via issue of new shares | 216 | 496 | - | - | (196) | - | - | - | - | 300 | - | 516 | |
| Transfer of share premium account to share capital account (Note 21) | 206,148 | (206,148) | - | - | - | - | - | - | - | (206,148) | - | - | |
| Repurchase of shares and held as treasury shares | - | - | (17,689) | - | - | - | - | - | - | (17,689) | - | (17,689) | |
| Re-issue of treasury shares upon options exercise | - | - | 227 | (17) | (59) | - | - | - | - | 151 | - | 151 | |
| Arising from the exercise of share options via cash settlement | - | - | - | (11) | (109) | - | - | - | - | (120) | - | (120) | |
| Capital reduction (Note 21) | (80,445) | - | - | - | - | - | - | - | 80,445 | 80,445 | - | - | |
| Balance at September 30, 2006 | 139,999 | - | (17,462) | (28) | 4,258 | 405 | (1,776) | (149,751) | 215,172 | 50,818 | 833 | 191,650 | |

See accompanying notes to financial statements.

Statements of Changes in Equity (cont'd)

Year ended September 30, 2006

| | Reserves | | | | | | | Sub-total | Total |
|---|----------------|---------------|-----------------|----------------------------------|-----------------------|-----------------------------|-----------------------------|-----------|----------|
| | Issued capital | Share premium | Treasury shares | Share options settlement reserve | Share options reserve | Exchange difference reserve | Accumulated (losses) profit | | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| The Company | | | | | | | | | |
| Balance at October 1, 2004 | | | | | | | | | |
| As previously reported | 27,983 | 204,865 | - | - | - | (1,457) | (926) | 202,482 | 230,465 |
| Effect of adoption of FRS 21 | - | - | - | - | - | 1,457 | (1,457) | - | - |
| Effect of adoption of FRS 102 | - | - | - | - | 1,135 | - | (548) | 587 | 587 |
| As restated | 27,983 | 204,865 | - | - | 1,135 | - | (2,931) | 203,069 | 231,052 |
| Net loss for the year | - | - | - | - | - | - | (76,816) | (76,816) | (76,816) |
| Effect of adoption of FRS 21 | - | - | - | - | - | - | 1,282 | 1,282 | 1,282 |
| Effect of adoption of FRS 102 | - | - | - | - | 1,950 | - | (765) | 1,185 | 1,185 |
| Net loss for the year (restated) | - | - | - | - | 1,950 | - | (76,299) | (74,349) | (74,349) |
| Issue of new shares | 72 | 787 | - | - | - | - | - | 787 | 859 |
| Capital reduction (Note 21) | (13,975) | - | - | - | - | - | - | - | (13,975) |
| Balance at September 30, 2005 as restated | 14,080 | 205,652 | - | - | 3,085 | - | (79,230) | 129,507 | 143,587 |
| Balance at October 1, 2005 | | | | | | | | | |
| As previously reported | 14,080 | 205,652 | - | - | - | (175) | (77,742) | 127,735 | 141,815 |
| Effect of adoption of FRS 21 | - | - | - | - | - | 175 | (175) | - | - |
| Effect of adoption of FRS 102 | - | - | - | - | 3,085 | - | (1,313) | 1,772 | 1,772 |
| As restated | 14,080 | 205,652 | - | - | 3,085 | - | (79,230) | 129,507 | 143,587 |
| Net profit for the year | - | - | - | - | - | - | 24,024 | 24,024 | 24,024 |
| Recognition of share-based payment | - | - | - | - | 1,537 | - | - | 1,537 | 1,537 |
| Issue of share capital arising from the exercise of share options via issue of new shares | 216 | 496 | - | - | (196) | - | - | 300 | 516 |
| Transfer of share premium account to share capital account (Note 21) | 206,148 | (206,148) | - | - | - | - | - | (206,148) | - |
| Repurchase of shares and held as treasury shares | - | - | (17,689) | - | - | - | - | (17,689) | (17,689) |
| Reissue of treasury shares upon options exercise | - | - | 227 | (17) | (59) | - | - | 151 | 151 |
| Arising from the exercise of share options via cash settlement | - | - | - | (11) | (109) | - | - | (120) | (120) |
| Capital reduction (Note 21) | (80,445) | - | - | - | - | - | 80,445 | 80,445 | - |
| Balance at September 30, 2006 | 139,999 | - | (17,462) | (28) | 4,258 | - | 25,239 | 12,007 | 152,006 |

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended September 30, 2006

| | Note | 2006 US\$'000 | 2005 US\$'000 (restated) ^(a) |
|--|------|------------------|---|
| Cash flows from operating activities: | | | |
| Profit before income tax | | 35,271 | 17,986 |
| Adjustments for: | | | |
| Allowance for inventories | | 422 | 1,717 |
| Amortisation of deferred expenditure | | - | 88 |
| Share options expense | | 1,537 | 1,950 |
| Depreciation | | 7,915 | 7,524 |
| Interest expense | | 104 | 102 |
| Interest income | | (3,549) | (1,891) |
| Loss (Gain) on disposal of plant and equipment | | 208 | (11) |
| Allowance for doubtful trade receivables | | 199 | 2,301 |
| Provision for restructuring and employees' benefits | | 128 | 178 |
| Write-off of investment in associate | | - | 8 |
| Operating profit before working capital changes | | 42,235 | 29,952 |
| Inventories | | 6,258 | (761) |
| Trade and other receivables | | 649 | (19,196) |
| Trade and other payables | | 16,768 | 12,186 |
| Cash generated from operations | | 65,910 | 22,181 |
| Interest paid | | (104) | (102) |
| Interest received | | 3,549 | 1,891 |
| Income tax paid | | (8,726) | (4,785) |
| Restructuring and employees' benefits utilised | | (316) | (160) |
| Net cash from operating activities | | 60,313 | 19,025 |
| Cash flows from investing activities: | | | |
| Proceed from disposal of plant and equipment | | 37 | 11 |
| Purchase of plant and equipment (Note A) | | (6,223) | (5,854) |
| Increase in available-for-sale investment | | (32) | - |
| Cash outflow on acquisition of new business (Note B) | | - | (786) |
| Net cash used in investing activities | | (6,218) | (6,629) |
| Cash flows from financing activities: | | | |
| Net proceeds from issue of shares | | 667 | 859 |
| Payment of finance leases | | (2) | (14) |
| Fixed deposits pledged as security | 6 | 1,204 | (1,204) |
| Cash settlement of share options exercised by employees | | (120) | - |
| Purchase of treasury shares | | (17,689) | - |
| Cash distribution to shareholders | 21 | - | (13,975) |
| Net cash used in financing activities | | (15,940) | (14,334) |
| Net effect of exchange rate changes in consolidating subsidiaries | | 778 | 2,142 |
| Net increase in cash and cash equivalents | | 38,933 | 204 |
| Cash and cash equivalents at beginning of financial year | | 112,431 | 112,227 |
| Cash and cash equivalents at end of financial year | 6 | 151,364 | 112,431 |

^(a) Restated to include the effects of adoption of the new Singapore Financial Reporting Standards applicable to the Group and the Company. Please refer to Note 2.

Consolidated Cash Flow Statement (cont'd)

Year ended September 30, 2006

Note

A) During the previous financial year, the Group acquired plant and equipment with an aggregate cost of US\$5,888,000 of which US\$34,000 were acquired by means of finance lease agreements. Cash payments of US\$5,854,000 were made to purchase the plant and equipment.

B) **Acquisition of new business**

The fair values of assets and liabilities acquired were as follow:

| | 2006 US\$'000 | 2005 US\$'000 |
|---|------------------|------------------|
| Trade and other receivables | - | (138) |
| Plant and equipment | - | (34) |
| Trade and other payables | - | 34 |
| Goodwill on acquisition | - | (648) |
| Cash outflow on acquisition of new business | - | (786) |

See accompanying notes to financial statements.

Notes to Financial Statements

September 30, 2006

1 GENERAL

The Company (Registration No. 199301842Z) is incorporated in the Republic of Singapore with its registered office and principal place of business at 6 Temasek Boulevard, #26-01/05 Suntec Tower Four, Singapore 038986. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars.

The principal activities of the Company are those of a management and investment holding company. The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended September 30, 2006 were authorised for issue by the Board of Directors on November 29, 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after October 1, 2005. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements except as disclosed below and in the notes to financial statements.

(a) *FRS 102 Share-based Payment*

FRS 102 Share-based Payment requires the recognition of equity-settled share-based payments at fair value at the date of grant. Prior to the adoption of FRS 102, the Group did not recognise the financial effect of share-based payments until such payments were settled.

In accordance with the transitional provisions of FRS 102, the accounting standard has been applied retrospectively to all grants of equity instruments after November 22, 2002 that were unvested as of October 1, 2005. The accounting standard therefore applies to share options granted on November 28, 2002 onwards.

For the financial year ended September 30, 2005, the change in accounting policy has resulted in a net decrease in profit for the year of US\$1,950,000. The balance sheet at September 30, 2005 has been restated to reflect the recognition of a share options reserve of US\$3,085,000.

For the current financial year, the impact of share-based payments is a net charge to income of US\$1,537,000. At September 30, 2006, the share options reserve amounted to US\$4,258,000.

The share-based payments expense of US\$1,537,000 (2005: US\$1,950,000) has been included in the administrative expenses line of the profit and loss statement.

(b) *FRS 21 (revised) The Effects of Changes in Foreign Exchange Rates*

In accordance with FRS 21 (revised), the exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g. consolidated financial statements when the foreign operation is a subsidiary), such exchange differences shall be recognised initially in a separate component of equity and recognised in profit or loss on disposal of the net investment.

Notes to Financial Statements (cont'd)

September 30, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) FRS 21 (revised) The Effects of Changes in Foreign Exchange Rates (cont'd)

For the financial year ended September 30, 2005, the change in accounting policy has resulted in a net decrease of US\$1,282,000 in loss for the year of the Company. The currency translation differences of US\$175,000 (loss) which was previously recognised in the Company's foreign currency translation reserve has now been recognised as part of the Company's accumulated losses as at September 30, 2005.

The adoption of FRS 21 (revised) does not have any financial impact to the financial statements of the Group.

At the date of authorisation of these financial statements, the following FRSs and INT FRSs were issued but not effective:

| | | |
|-------------|---|---|
| FRS 40 | - | Investment Property |
| FRS 106 | - | Exploration for and Evaluation of Mineral Resources |
| FRS 107 | - | Financial Instruments: Disclosures |
| INT FRS 104 | - | Determining whether an Arrangement contains a Lease |
| INT FRS 105 | - | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| INT FRS 106 | - | Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment |
| INT FRS 107 | - | Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies |
| INT FRS 108 | - | Scope of FRS 102 |
| INT FRS 109 | - | Reassessment of Embedded Derivatives |
| INT FRS 110 | - | Interim Financial Reporting and Impairment |

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

Amendments to FRS 19 Employees Benefits on actuarial gains and losses, group plans and disclosures.

Amendments to FRS 21 Effects of changes in Foreign Exchange Rates on Net Investment in a Foreign Operation.

Amendments to FRS 39 Financial Instruments: Recognition and Measurement on hedge accounting provisions, fair value option and financial guarantee contracts.

Amendments to FRS 101 First-time Adoption of Financial Reporting Standards on comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resources.

Amendments to FRS 104 Insurance Contracts on financial guarantee contracts.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The directors anticipate that the adoption of the above FRSs, INT FRSs and the amendments to FRSs that were issued but not yet effective until future periods will not have a material impact on the consolidated financial statements of the Group in the period of their initial application.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Notes to Financial Statements (cont'd)

September 30, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

When a sale and purchase agreement provides for an adjustment to the purchase consideration contingent on one or more future events, the Company includes the amount of the adjustment referred to as Deferred Purchase Consideration in the cost of investment at the acquisition date if the adjustment is probable and can be measured reliably. If the future events do not occur or the estimate needs to be revised, the cost of investment is adjusted accordingly.

BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The carrying amounts of trade and other receivables approximate their fair values due to the relatively short-term maturity of these financial instruments. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in the profit or loss for equity instruments classified as available-for-sale are not subsequently reversed through profit or loss.

Notes to Financial Statements (cont'd)

September 30, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and cash equivalents

Cash and bank balances comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. The carrying amounts of trade and other payables approximate their fair values due to the relatively short-term maturity of these financial instruments.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss statement as they arise.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedged item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss. They are fair valued with the changes in fair values taken to the profit and loss statement for the period.

Notes to Financial Statements (cont'd)

September 30, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Treasury shares

When the Company purchases the Company's equity share capital, the consideration paid, including any directly attributable costs, is taken against Treasury Shares within equity. When the shares are subsequently disposed, the realised gains or losses on disposal of the treasury shares are included in capital reserves of the Company.

The Company acquires shares in the Company from the open market for delivery to employees upon exercise of Options under the Previous Scheme and the Scheme 2003. Such shares are designated as treasury shares.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss statement.

Rental payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

INVENTORIES - Inventories, comprising mainly data communication equipment, are stated at the lower of cost and net realisable value. In general, cost is determined on the first-in, first-out basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made where necessary for obsolete, slow-moving and defective inventories.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of assets on a straight-line basis over the estimated useful lives of the assets concerned. The annual rates used for this purpose are:

| | | |
|---|---|---------------|
| Motor vehicles | - | 16.67% to 25% |
| Maintenance, workshop and demonstration equipment | - | 10% to 40% |
| Furniture, fittings and equipment | - | 15% to 30% |

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

Notes to Financial Statements (cont'd)

September 30, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOODWILL - Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Prior to July 1, 2001, goodwill arising from acquisition of subsidiaries was directly adjusted against shareholders' equity and such goodwill has not been retrospectively capitalised and amortised as allowed under Singapore Statements of Accounting Standards ("SAS") No. 22 – Business Combinations. With effect from July 1, 2001, the Group adopted SAS 22 and amortised goodwill over a period of 7 years.

With effect from October 1, 2004, the Group adopted FRS 103 *Business Combinations* and goodwill is now recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. FRS 103 is applied prospectively. The option of limited retrospective application of FRS 103 has not been taken up, thus avoiding the need to restate past business combinations.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill on acquisition of subsidiaries charged to shareholders' equity previously is not taken into account in determining the profit or loss on disposal or discontinuance of business of the relevant subsidiaries.

IMPAIRMENT OF ASSETS EXCLUDING GOODWILL - At each balance sheet date, the Company and the Group review the carrying amounts of their tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and the Group estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

PROVISIONS - Provisions are recognised when the Company and the Group have a present obligation as a result of a past event, and it is probable that the Company and the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions for restructuring costs are recognised when the Company and the Group have a detailed formal plan for the restructuring.

Notes to Financial Statements (cont'd)

September 30, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Binomial pricing model. The assumptions included in the model are management's best estimate for the effects of non-transferrability, exercise restrictions and behavioural considerations.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

- (i) Revenue from sale of products is recognised upon acceptance of delivery by the client when revenue and costs of transaction can be measured reliably.
- (ii) Income from maintenance contracts is apportioned over the period covered by the maintenance contracts.
- (iii) Service income is recognised by reference to the stage of completion of the transaction at the balance sheet date determined by services performed to date as a percentage of total services.
- (iv) Revenue from training is recognised in the period in which training is provided.
- (v) Management and technical fee income is recognised when services are rendered.
- (vi) Dividend income is recognised gross when the right to receive payment has been established.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

TERMINATION BENEFITS - Under the labour laws in certain countries where the Group operates, employees are entitled to receive severance indemnities, irrespective of the reason for the employment termination, subject to certain minimum service requirements. Provision is made in the financial statements based on the number of years of service rendered by qualifying employees and the last-drawn salary at the balance sheet date.

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

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the subsidiaries operate by the balance sheet date.

Notes to Financial Statements (cont'd)

September 30, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Company are presented in United States dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (please see above for details of the Group's accounting policies in respect of such derivative financial instruments).

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Notes to Financial Statements (cont'd)

September 30, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entity (including monetary items that, in substance, form part of the net investment in foreign entity), are taken to the foreign currency translation reserve.

Exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation is recognised in profit or loss in the separate financial statements of the Company.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2 above, the management is of the opinion that there are no instances of application of judgment that are expected to have a significant effect on the amounts recognised in the accounts.

Key sources of estimation uncertainty

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

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of the investments and the cash-generating units to which the investments have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the asset or cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of investments in subsidiaries in the Company's financial statements at the balance sheet date was US\$65,621,000 (2005 : US\$69,867,000), which is net of an accumulated impairment loss of US\$69,875,000 (2005 : US\$80,049,000).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was US\$648,000. Details of the impairment loss calculation are provided in Note 14 to the financial statements.

Allowances for impairment in trade receivables

The Group makes allowances for impairment in trade receivables based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and impairment loss expenses in the period in which such estimate has been changed. The carrying amounts of the Group's trade and other receivables are disclosed in Notes 7 and 8 respectively.

Allowances for inventories

Management reviews the inventory aging listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, the Group conducts physical counts on its inventories on a periodic basis in order to determine whether an allowance is required to be made. The carrying amounts of the Group's inventories are disclosed in Note 9.

Notes to Financial Statements (cont'd)

September 30, 2006

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Fair value of share options granted

The Group is required to assess the fair values of share options granted which involve the input of certain variables and, accordingly, require significant management estimates and assumptions. Details of the fair value calculation are provided in Note 20 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised and that the tax losses carryforwards will be allowed to offset future taxable income by the tax authorities. These situations will be closely monitored, and adjustments made in future periods, if future estimates indicate that such adjustments are appropriate.

4 FINANCIAL RISKS AND MANAGEMENT

The Group is exposed to financial risks including foreign currency, interest rate, credit and liquidity risks. Risk management policies are adopted to mitigate these risks in a cost effective manner.

(i) Foreign currency risk

The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk. Exposure to exchange fluctuation risks is managed as far as possible by natural hedges of matching assets and liabilities. Forward contracts are used to partially hedge the net exposure to foreign currency movements. Such forward contracts have maturities of less than 12 months and are purchased from financial institutions.

The Group has a number of direct investments in the Asia Pacific region, whose net assets are exposed to currency translation risk. The Group currently does not seek to hedge this exposure.

(ii) Interest rate risk

The Group's exposure to interest rate risk is minimal. The Group's interest-bearing financial assets and liabilities are all short-term in nature.

(iii) Credit risk

In its management of credit risk, the Group sets policies to ensure that sales transactions are made to clients with an appropriate credit history or assessment. The Group has no significant concentration of credit risk with any single or group of clients although its trade receivables in Greater China, ASEAN and East Asia represented 29%, 47% and 16% (2005 : 31%, 41% and 19% respectively) of the total trade receivables respectively as at September 30, 2006.

Cash is held with creditworthy financial institutions.

(iv) Liquidity risk

The Group's ability to fund its existing and prospective obligations is managed by maintaining sufficient cash and adequate committed funding lines with banks.

(v) Fair values

The carrying amounts of cash and cash equivalents, trade and other current receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Notes to Financial Statements (cont'd)

September 30, 2006

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Dimension Data International Limited, incorporated in Malta, which is in turn a subsidiary of Dimension Data Holdings plc ("DDH"), a company incorporated in the United Kingdom. The Company's ultimate holding company is DDH. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, repayable on demand unless stated otherwise.

Significant related company transactions:

| | The Group | |
|---|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Purchase of goods from related companies | 6,632 | 9,048 |
| Purchase of services from related companies | – | 234 |
| Sale of services to related companies | (433) | (816) |
| Expenses recharges by related companies | 2,032 | 2,023 |

6 CASH AND CASH EQUIVALENTS

| | The Group | | The Company | |
|---|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Cash and bank balances | 85,057 | 55,394 | 4,917 | 964 |
| Fixed deposits | 56,573 | 44,975 | 3,350 | 1,336 |
| Cash equivalents | 9,734 | 13,266 | – | – |
| | 151,364 | 113,635 | 8,267 | 2,300 |
| Less: Fixed deposits pledged as security for guarantee provided (Note 30) | – | (1,204) | – | – |
| | 151,364 | 112,431 | 8,267 | 2,300 |

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest at an average rate of 4.57% (2005 : 2.26%) per annum and for a tenor of approximately 107 days (2005 : 65 days).

The Group and Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follow:

| | The Group | | The Company | |
|-----------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Singapore dollars | 1,133 | 295 | 669 | 161 |
| Malaysian ringgit | 261 | 485 | – | – |
| Hongkong dollars | 2,256 | 1,620 | – | – |
| United States dollars | 15,380 | 11,254 | – | – |

Notes to Financial Statements (cont'd)

September 30, 2006

7 TRADE RECEIVABLES

| | The Group | | The Company | |
|---|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Outside parties | 105,010 | 133,154 | – | – |
| Advanced billings receivables | 15,808 | 10,009 | – | – |
| Subsidiaries | – | – | 75,300 | 55,744 |
| | 120,818 | 143,163 | 75,300 | 55,744 |
| Less: Allowance for impairment in trade receivables | | | | |
| – Outside parties | (8,673) | (40,095) | – | – |
| – Subsidiaries | – | – | (2,155) | (5,418) |
| Net | 112,145 | 103,068 | 73,145 | 50,326 |

The Group and Company's trade receivables that are not denominated in the functional currencies of the respective entities are as follow:

| | The Group | | The Company | |
|-----------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Swiss francs | – | 53 | – | – |
| China renminbi | – | 123 | – | – |
| Australian dollars | 64 | – | – | – |
| Singapore dollars | 99 | 43 | 208 | 1,863 |
| Euro | – | – | 71 | 68 |
| Hongkong dollars | 3,312 | 3,564 | – | – |
| Malaysian ringgit | 207 | 148 | – | – |
| Philippines peso | – | – | 85 | – |
| United States dollars | 23,467 | 15,026 | – | – |

Notes to Financial Statements (cont'd)

September 30, 2006

8 OTHER RECEIVABLES AND PREPAYMENTS

| | The Group | | The Company | |
|---|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Amount due from holding company (Note 5) | 22 | – | 13 | – |
| Amount due from related companies (Note 5) | 49 | – | 3 | – |
| Amount due from a subsidiary – non-trade (Note 12) | – | – | 1,190 | 2,380 |
| Prepaid maintenance costs | 10,471 | 9,203 | – | – |
| Deposits | 6,072 | 5,813 | 95 | 86 |
| Tax recoverables | 4,126 | 3,917 | – | – |
| Other prepayments | 4,879 | 7,913 | 485 | 364 |
| Other receivables | 4,227 | 8,410 | 139 | 162 |
| | 29,846 | 35,256 | 1,925 | 2,992 |

The Group and Company's other receivables and prepayments that are not denominated in the functional currencies of the respective entities are as follow:

| | The Group | | The Company | |
|-----------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Singapore dollars | 703 | 299 | 316 | 241 |
| Hongkong dollars | 212 | 202 | – | – |
| Japanese yen | 50 | – | – | – |
| Malaysia ringgit | 81 | – | – | – |
| Thai baht | 48 | 44 | – | – |
| United States dollars | 1,058 | 67 | – | – |

9 INVENTORIES

| | The Group | | The Company | |
|---------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Trading goods | 9,524 | 15,690 | – | – |

Notes to Financial Statements (cont'd)

September 30, 2006

10 INVESTMENT IN ASSOCIATES

| | The Group | | The Company | |
|---------------------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Unquoted equity shares, at cost | 8 | 8 | – | – |
| Impairment loss | (8) | (8) | – | – |
| | – | – | – | – |

The associates are:

| Name of associate | Principal activities | Country of incorporation/ Place of business | Group's effective interest | |
|--|----------------------|---|----------------------------|-----------|
| | | | 2006 % | 2005 % |
| Aliran Info Sdn Bhd ^{(1) (2)} | Inactive | Malaysia | 49 | 49 |
| Transys (M) Sdn Bhd ^{(1) (2)} | Inactive | Malaysia | 49 | 49 |

⁽¹⁾ Audited by overseas practices of Deloitte Touche Tohmatsu.

⁽²⁾ The shares in Aliran Info Sdn Bhd and Transys (M) Sdn Bhd are held by Datacraft (Malaysia) Sdn Bhd.

The results of the associates are not equity accounted for by the Group because the effect on the consolidated financial statements is immaterial.

11 INVESTMENT IN SUBSIDIARIES

| | The Company | |
|---|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Unquoted equity shares, at cost | 132,968 | 148,221 |
| Deemed investment arising from share options granted to subsidiaries' employees | 2,605 | 1,772 |
| Pre-acquisition dividend from unquoted equity investment in a subsidiary | (77) | (77) |
| | 135,496 | 149,916 |
| Impairment loss | (69,875) | (80,049) |
| | 65,621 | 69,867 |
| Amount due from subsidiaries ⁽¹⁾ | 87,262 | 87,324 |
| Impairment loss | (53,939) | (53,742) |
| | 33,323 | 33,582 |
| Net investment in subsidiaries | 98,944 | 103,449 |

⁽¹⁾ The amount due from subsidiaries is deemed as part of net investment in the subsidiaries, as there is no contractual obligation for the subsidiaries to repay except upon liquidation.

As at September 30, 2006, the Company reviewed the net investment in a subsidiary operating in Malaysia and wrote off the cost of investment of US\$8,162,000 against impairment allowance as the business that was impaired has been discontinued.

During the current financial year, the cost of investment of US\$2,012,000 was written off against the impairment allowance as the result of liquidation of a subsidiary.

Notes to Financial Statements (cont'd)

September 30, 2006

11 INVESTMENT IN SUBSIDIARIES (cont'd)

The subsidiaries are:

| Name of subsidiary | Principal activities | Country of incorporation/ Place of business | Issued and paid-up capital | Cost of investments | | Group's effective equity interest | |
|--|--|--|--------------------------------|---------------------|------------------|-----------------------------------|-----------|
| | | | | 2006 US\$'000 | 2005 US\$'000 | 2006 % | 2005 % |
| Beijing Datacraft Development Network Ltd ^{(2) (7)} [Shares held by Datacraft China/Hong Kong Limited] | Inactive | The People's Republic of China | Registered capital US\$150,000 | – | – | 75 | 75 |
| Communication Power and Design Pte Ltd ⁽¹⁾ | Investment holding | Singapore | Ordinary US\$2 | 59 | 59 | 100 | 100 |
| Datacraft Advanced Network Services Sdn Bhd ⁽²⁾ | Provision of software consultancy services and designing, development, marketing and servicing of data communication systems | Malaysia | Ordinary RM1,750,000 | – | 8,162 | 100 | 100 |
| Datacraft Asia Investments B.V. ⁽⁴⁾ | Investment holding | Netherlands | Ordinary Euro20,000 | 8,070 | 8,070 | 100 | 100 |
| Datacraft Asia Trust Pte Ltd ⁽¹⁾ | Trustees to employees of the Group in their acquisition or proposed acquisition of fully-paid shares of Datacraft Asia Ltd pursuant to the Datacraft Asia Share Option Schemes | Singapore | Ordinary S\$2 | 3 | 3 | 100 | 100 |
| Datacraft China/Hong Kong Limited ⁽²⁾ | Designing, development, marketing and servicing of data communication systems | Hong Kong ⁽⁵⁾ | Ordinary HK\$62.41 million | 8,070 | 8,070 | 100 | 100 |

Notes to Financial Statements (cont'd)

September 30, 2006

11 INVESTMENT IN SUBSIDIARIES (cont'd)

| Name of subsidiary | Principal activities | Country of incorporation/ Place of business | Issued and paid-up capital | Cost of investments | | Group's effective equity interest | |
|---|---|--|---|---------------------|----------|-----------------------------------|-------------------|
| | | | | 2006 | 2005 | 2006 | 2005 |
| | | | | US\$'000 | US\$'000 | % | % |
| Datacraft Philippines, Inc. ⁽²⁾ | Designing, development, marketing and servicing of data communication systems | Philippines | Ordinary Peso 6.24 million (2005 : Peso 5.2 million) | 2,219 | 2,219 | 100 | 100 |
| Datacraft Company Ltd ⁽⁴⁾ | Sale and servicing of data communication systems | Malaysia | Ordinary US\$10,000 | 10 | 10 | 100 | 100 |
| Datacraft Holdings (NZ) Limited ⁽²⁾ | Investment holding | New Zealand | Ordinary NZ\$1.6 million | 1,123 | 1,123 | 100 | 100 |
| Datacraft Holdings (Thailand) Ltd ^{(2) (6)} | As above | Thailand | Ordinary Baht111,750 Preference Baht38,250 | 8 | 8 | 49 ⁽⁶⁾ | 49 ⁽⁶⁾ |
| Datacraft (Hong Kong) Limited ⁽²⁾ | Inactive | Hong Kong | Ordinary HK\$3.6 million | 9,932 | 9,932 | 100 | 100 |
| Datacraft India Limited ⁽²⁾ | Designing, development, marketing and servicing of data communication systems | India | Ordinary Indian Rupee 68.61 million (2005 : Indian Rupee 76.61 million) | 25,293 | 30,141 | 100 | 100 |
| Datacraft Information Technology (Beijing) Ltd ⁽²⁾ | Sale of networking equipment, software services and system integration | The People's Republic of China | Ordinary US\$200,000 | 200 | 200 | 100 | 100 |
| Datacraft Japan Inc. ⁽²⁾ [Shares held by Datacraft Asia Investments B.V.] | Designing, development, marketing and servicing of data communication systems | Japan | Ordinary Yen320 million | – | – | 89.7 | 89.7 |

Notes to Financial Statements (cont'd)

September 30, 2006

11 INVESTMENT IN SUBSIDIARIES (cont'd)

| Name of subsidiary | Principal activities | Country of incorporation/ Place of business | Issued and paid-up capital | Cost of investments | | Group's effective equity interest | |
|--|--|--|--|---------------------|------------------|-----------------------------------|-----------|
| | | | | 2006 US\$'000 | 2005 US\$'000 | 2006 % | 2005 % |
| Datacraft Korea Inc. ⁽²⁾ | Sale and servicing of data communication systems | Korea | Ordinary Won10.68 billion | 42,953 | 42,953 | 100 | 100 |
| Datacraft (Malaysia) Sdn Bhd ⁽²⁾ | Designing, development, marketing and servicing of data communication systems | Malaysia | Ordinary RM2 million | 734 | 734 | 100 | 100 |
| Datacraft Networks (China) Inc. ⁽²⁾ [Shares held by Datacraft China/Hong Kong Limited] | Designing, marketing, selling and servicing communication products and systems | Republic of Mauritius ⁽⁵⁾ | Ordinary US\$2 | – | – | 100 | 100 |
| Datacraft (NZ) Limited ⁽²⁾ [Shares held by Datacraft Holdings (NZ) Limited] | Designing, development, marketing and servicing of data communication systems | New Zealand | Ordinary NZ\$851,000 | – | – | 100 | 100 |
| Datacraft (Singapore) Pte Ltd ⁽¹⁾ | As above | Singapore | Ordinary S\$300,000 | 616 | 616 | 100 | 100 |
| Datacraft Taiwan Limited ⁽²⁾ | As above | Taiwan | Ordinary NT\$50 million | 344 | 344 | 100 | 100 |
| Datacraft (Thailand) Limited ⁽²⁾ [Preference shares held by Datacraft Holdings (Thailand) Ltd] | As above | Thailand | Ordinary Baht4.41 million Preference Baht4.59 million | 597 | 597 | 74 | 74 |

Notes to Financial Statements (cont'd)

September 30, 2006

11 INVESTMENT IN SUBSIDIARIES (cont'd)

| Name of subsidiary | Principal activities | Country of incorporation/ Place of business | Issued and paid-up capital | Cost of investments | | Group's effective equity interest | |
|--|--|--|--|---------------------|------------------|-----------------------------------|-----------|
| | | | | 2006 US\$'000 | 2005 US\$'000 | 2006 % | 2005 % |
| Datacraft Vietnam Ltd ⁽²⁾ [Shares held by Communication Power and Design Pte Ltd] | Provision of information technology services, computer system and software design consultancy services | The Socialist Republic of Vietnam | Ordinary US\$300,000 | – | – | 100 | 100 |
| DFI Consulting Philippines Inc ⁽²⁾ [Shares held by Datacraft Advanced Network Services Sdn Bhd] | Inactive | Philippines | Ordinary Peso 8 million | – | – | 100 | 100 |
| DFI Consulting (Thailand) Co., Ltd ⁽³⁾ [Ordinary shares held by Datacraft Advanced Network Services Sdn Bhd Preference shares held by Datacraft Holdings (Thailand) Ltd] | As above | Thailand | Ordinary Baht12,250 Preference Baht12,750 | – | – | 74 | 74 |
| iSquare Asia Limited ⁽²⁾ | As above | Hong Kong | Ordinary HK\$9,000 | 17,398 | 17,398 | 100 | 100 |
| JQ Network Pte Ltd ⁽¹⁾ | Sale of data communication systems | Singapore | Ordinary S\$2 | – | – | 100 | 100 |
| Multisoft IT Solutions Pte Ltd ⁽¹⁾ [Shares held by Datacraft (Singapore) Pte Ltd] | Sale of computer hardware, software and licences and the provision of ancillary services | Singapore | Ordinary S\$300,000 | – | – | 100 | 100 |

Notes to Financial Statements (cont'd)

September 30, 2006

11 INVESTMENT IN SUBSIDIARIES (cont'd)

| Name of subsidiary | Principal activities | Country of incorporation/ Place of business | Issued and paid-up capital | Cost of investments | | Group's effective equity interest | |
|--|--|--|----------------------------|---------------------|------------------|-----------------------------------|-----------|
| | | | | 2006 US\$'000 | 2005 US\$'000 | 2006 % | 2005 % |
| Netcorp Systems (S) Pte Ltd ⁽¹⁾ | Liquidated on February 18, 2006 | Singapore | Ordinary S\$200,000 | – | 2,243 | – | 100 |
| PlaNET Solutions (International) Ltd ⁽⁴⁾ | Computer systems consultants | Malaysia | Ordinary S\$18,300 | 6 | 6 | 60 | 60 |
| PlaNET Solutions (M) Sdn Bhd ⁽²⁾ [Shares held by PlaNET Technology Solutions Pte Ltd] | As above | Malaysia | Ordinary RM2 | – | – | 60 | 60 |
| PlaNET Technology Solutions Pte Ltd ⁽¹⁾ | As above | Singapore | Ordinary S\$2,300,000 | 7,328 | 7,328 | 60 | 60 |
| PT. Datacraft Indonesia ⁽²⁾ [Shares jointly held by Datacraft Asia Ltd and Communication Power & Design Pte Ltd] | Designing, development, marketing and servicing of data communication systems | Indonesia | Ordinary Rp 5,820,000,000 | 7,772 | 7,772 | 100 | 100 |
| TP Network Consulting (Shanghai) Co Ltd ⁽²⁾ | Inactive | The People's Republic of China | Ordinary US\$200,000 | 200 | 200 | 100 | 100 |
| Training Partners Co., Ltd ⁽²⁾ [Shares jointly held by Datacraft Asia Ltd and Datacraft Holdings (Thailand) Ltd] | Provision of training, consultancy, system development and project management in computers, computer software and communications | Thailand | Ordinary Baht 300,000 | – | – | 74 | 74 |
| Training Partners Pte Ltd ⁽¹⁾ | Provision of training | Singapore | Ordinary S\$50,000 | 33 | 33 | 100 | 100 |

Notes to Financial Statements (cont'd)

September 30, 2006

11 INVESTMENT IN SUBSIDIARIES (cont'd)

| Name of subsidiary | Principal activities | Country of incorporation/ Place of business | Issued and paid-up capital | Cost of investments | | Group's effective equity interest | |
|---|----------------------|--|----------------------------|---------------------|----------|-----------------------------------|------|
| | | | | 2006 | 2005 | 2006 | 2005 |
| | | | | US\$'000 | US\$'000 | % | % |
| UCS Communications Limited ⁽²⁾ [Shares held by Datacraft China/Hong Kong Limited] | Inactive | Hong Kong ⁽⁵⁾ | Ordinary HK\$10,000 | – | – | 100 | 100 |
| | | | | 132,968 | 148,221 | | |

(1) Audited by Deloitte & Touche, Singapore.

(2) Audited by overseas practices of Deloitte Touche Tohmatsu.

(3) Audited by S.C.Ex-CI Accounting Co., Ltd in Thailand.

(4) Not required to be audited in the country of incorporation.

(5) These subsidiaries carry on business in the People's Republic of China.

(6) Datacraft Holdings (Thailand) Ltd is treated as a subsidiary as the Company controls the composition of the board of directors and its financing and operating decisions.

(7) This subsidiary was liquidated subsequent to the financial year end and the liquidation of the subsidiary does not have a significant financial effect on the consolidated financial statements.

12 AMOUNT DUE FROM SUBSIDIARY

| | The Company | |
|--------------------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Amount due from subsidiary | 23,880 | 25,070 |
| Less: Current portion (Note 8) | (1,190) | (2,380) |
| Non-current portion | 22,690 | 22,690 |
| Impairment loss | (19,520) | (19,520) |
| | 3,170 | 3,170 |

Included in amount due from subsidiary is a loan receivable of US\$20,230,000 (2005 : US\$21,420,000). The loan agreement between the Company and the subsidiary specifies that the amount is interest-free, unsecured and repayable in equal semi-annual instalments of US\$1,190,000 through September 15, 2014. However, only one instalment of US\$1,190,000 was received during the financial year. Directors are of the view that US\$1,190,000 will be received within 12 months and the fair value of non-current portion is US\$3,170,000 based on the expected timing of realisation of the loan receivable discounted to the present value.

Notes to Financial Statements (cont'd)

September 30, 2006

13 PLANT AND EQUIPMENT

| | Motor vehicles US\$'000 | Maintenance, workshop and demonstration equipment US\$'000 | Furniture, fittings and equipment US\$'000 | Total US\$'000 |
|-----------------------------|-------------------------------|--|---|-------------------|
| The Group | | | | |
| Cost: | | | | |
| At October 1, 2004 | 499 | 52,895 | 13,788 | 67,182 |
| Exchange rate realignment | 1 | 195 | 331 | 527 |
| Acquisition of new business | – | – | 34 | 34 |
| Additions | – | 4,460 | 1,428 | 5,888 |
| Disposals | (35) | (790) | (759) | (1,584) |
| At September 30, 2005 | 465 | 56,760 | 14,822 | 72,047 |
| Exchange rate realignment | 3 | 862 | 320 | 1,185 |
| Additions | – | 5,949 | 274 | 6,223 |
| Disposals | (31) | (3,151) | (3,509) | (6,691) |
| At September 30, 2006 | 437 | 60,420 | 11,907 | 72,764 |
| Accumulated depreciation: | | | | |
| At October 1, 2004 | 334 | 41,109 | 9,601 | 51,044 |
| Exchange rate realignment | – | 72 | 280 | 352 |
| Charge | 33 | 5,826 | 1,665 | 7,524 |
| Disposals | (34) | (839) | (711) | (1,584) |
| At September 30, 2005 | 333 | 46,168 | 10,835 | 57,336 |
| Exchange rate realignment | 2 | 751 | 272 | 1,025 |
| Charge | 36 | 7,048 | 831 | 7,915 |
| Disposals | (25) | (3,093) | (3,328) | (6,446) |
| At September 30, 2006 | 346 | 50,874 | 8,610 | 59,830 |
| Net carrying amount: | | | | |
| At September 30, 2006 | 91 | 9,546 | 3,297 | 12,934 |
| At September 30, 2005 | 132 | 10,592 | 3,987 | 14,711 |

Notes to Financial Statements (cont'd)

September 30, 2006

13 PLANT AND EQUIPMENT (cont'd)

| | Motor vehicles US\$'000 | Maintenance, workshop and demonstration equipment US\$'000 | Furniture, fittings and equipment US\$'000 | Total US\$'000 |
|---------------------------|-------------------------------|--|---|-------------------|
| The Company | | | | |
| Cost: | | | | |
| At October 1, 2004 | 129 | 266 | 12,237 | 12,632 |
| Additions | – | 33 | 605 | 638 |
| At September 30, 2005 | 129 | 299 | 12,842 | 13,270 |
| Additions | – | – | 1,468 | 1,468 |
| Disposals | – | – | (638) | (638) |
| At September 30, 2006 | 129 | 299 | 13,672 | 14,100 |
| Accumulated depreciation: | | | | |
| At October 1, 2004 | 36 | 228 | 9,816 | 10,080 |
| Charge | 14 | 39 | 1,122 | 1,175 |
| At September 30, 2005 | 50 | 267 | 10,938 | 11,255 |
| Charge | 15 | 7 | 1,013 | 1,035 |
| Disposals | – | – | (506) | (506) |
| At September 30, 2006 | 65 | 274 | 11,445 | 11,784 |
| Net carrying amount: | | | | |
| At September 30, 2006 | 64 | 25 | 2,227 | 2,316 |
| At September 30, 2005 | 79 | 32 | 1,904 | 2,015 |

Certain items of the Group with a total net book value of US\$42,000 (2005 : US\$40,000) are under finance lease agreements (Note 19).

14 GOODWILL

| | The Group US\$'000 |
|--|-----------------------|
| Cost: | |
| At October 1, 2004 | 27,894 |
| Elimination of amortisation accumulated prior to the adoption of FRS 103 | (15,153) |
| Arising on acquisition of a subsidiary | 648 |
| At September 30, 2005 and September 30, 2006 | 13,389 |
| Accumulated amortisation: | |
| At October 1, 2004 | 15,153 |
| Elimination of amortisation accumulated prior to the adoption of FRS 103 | (15,153) |
| At September 30, 2005 and September 30, 2006 | – |
| Impairment: | |
| At September 30, 2005 and September 30, 2006 | 12,741 |
| Carrying amount: | |
| At September 30, 2005 and September 30, 2006 | 648 |

Notes to Financial Statements (cont'd)

September 30, 2006

14 GOODWILL (cont'd)

The goodwill of US\$648,000 arose on the acquisition of the business from Advanced Technology Partners Limited ("ATP") in October 2004. For the purpose of impairment testing of this goodwill, the recoverable amount of the relevant cash generating unit is determined based on value in use computations. The key assumptions in the value in use calculations are the cash flow forecasts, the growth rate and the discount rate. The cash flows are prepared based on next year's budget and the growth rate to extrapolate the cash flow forecasts beyond the budget prepared is 10% (2005 : 10%). The rate used to discount the forecast cash flows from the ATP business is 10.5% (2005 : 9.5%).

The goodwill of US\$12,741,000 arose on the Group's acquisition of a 100% interest in Dasan Electronics Co., Ltd ("Dasan"), which was merged with Datacraft Korea Inc. during the financial period from July 1, 2001 to September 30, 2002. After the merger, Datacraft Korea Inc. remains as the surviving company and Dasan was dissolved. As at September 30, 2004, the Group reviewed the carrying amount of the goodwill and determined that the goodwill was impaired as there is uncertainty as to whether the Dasan business would return to profitability in the near future.

15 AVAILABLE-FOR-SALE INVESTMENTS

| | The Group | | The Company | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| At fair value: | | | | |
| Life insurance policies | 1,046 | 1,080 | – | – |
| Quoted equity shares | 111 | 79 | – | – |
| Total | 1,157 | 1,159 | – | – |

The life insurance policies were purchased by one of the subsidiaries for its ex-employees with the beneficiary being the subsidiary.

16 DEFERRED INCOME TAX

| | The Group | | The Company | |
|--------------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Deferred tax assets | 2,592 | 2,368 | – | – |
| Deferred tax liabilities | 795 | 1,163 | 346 | 450 |

The movement for the financial year in deferred tax assets is as follows:

| | The Group | | The Company | |
|--|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| At beginning of financial year | 2,368 | 3,698 | – | – |
| Exchange rate realignment | 138 | 214 | – | – |
| Credit (Charge) to profit and loss statement | 86 | (1,544) | – | – |
| At end of financial year | 2,592 | 2,368 | – | – |

Notes to Financial Statements (cont'd)

September 30, 2006

16 DEFERRED INCOME TAX (cont'd)

The movement for the financial year in deferred tax liabilities is as follows:

| | The Group | | The Company | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| At beginning of financial year | 1,163 | 1,480 | 450 | 888 |
| Exchange rate realignment | (13) | 13 | – | – |
| Credit to profit and loss statement | (355) | (330) | (104) | (438) |
| At end of financial year | 795 | 1,163 | 346 | 450 |

The following are the major components of deferred tax assets and liabilities recognised by the Company and the Group and movements thereon during the financial year:

Deferred tax assets

| | Tax losses US\$'000 | Accelerated accounting depreciation US\$'000 | Provisions US\$'000 | Unrealised foreign exchange differences US\$'000 | Other temporary differences US\$'000 | Total US\$'000 |
|---|---------------------------|---|------------------------|--|---|-------------------|
| The Group | | | | | | |
| At beginning of financial year | 512 | 696 | 1,551 | 165 | (556) | 2,368 |
| Exchange rate realignment | (28) | 52 | 149 | 20 | (55) | 138 |
| Credit (Charge) to profit and loss statement | 461 | (310) | 330 | 32 | (427) | 86 |
| At end of financial year | 945 | 438 | 2,030 | 217 | (1,038) | 2,592 |

Deferred tax liabilities

| | Accelerated tax depreciation US\$'000 | Other temporary differences US\$'000 | Total US\$'000 |
|-------------------------------------|--|---|-------------------|
| The Group | | | |
| At beginning of financial year | 882 | 281 | 1,163 |
| Exchange rate realignment | (48) | 35 | (13) |
| Credit to profit and loss statement | (321) | (34) | (355) |
| At end of financial year | 513 | 282 | 795 |

The Company

| | | | |
|--|-------|-----|-------|
| At beginning of financial year | 330 | 120 | 450 |
| (Credit) Charge to profit and loss statement | (144) | 40 | (104) |
| At end of financial year | 186 | 160 | 346 |

Notes to Financial Statements (cont'd)

September 30, 2006

16 DEFERRED INCOME TAX (cont'd)

No deferred tax asset has been recognised in respect of tax losses totalling to US\$33,244,000 (2005 : US\$45,887,000) for subsidiaries in China, Malaysia and Japan due to the unpredictability of future taxable profit available to allow such asset to be recovered and uncertainty of these tax losses being allowed to offset future taxable income by the tax authorities. The Group has tax loss carry forwards available for offsetting against future taxable income as follows:

| | The Group | |
|--|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Amount at beginning of year | 45,887 | 48,364 |
| Adjustments for prior year | (3,385) | (1,437) |
| Amount arising in current year | 1,603 | 3,838 |
| Amount recognised in current year | (3,400) | – |
| Amount utilised in current year | (7,461) | (4,878) |
| Amount at end of year | 33,244 | 45,887 |
| Deferred tax benefit on above unrecorded | 8,052 | 10,409 |

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US\$7,094,000 (2005: US\$6,678,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

17 TRADE AND OTHER PAYABLES

| | The Group | | The Company | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Trade payables | 62,011 | 53,177 | – | – |
| Unearned revenue | 16,382 | 10,590 | – | – |
| Accruals | 38,471 | 34,385 | 7,464 | 4,883 |
| Deferred purchase consideration | – | 271 | – | – |
| Due to subsidiaries – trade | – | – | 23,674 | 11,822 |
| Due to related companies – non-trade | 1,916 | 1,503 | 990 | 415 |
| | 118,780 | 99,926 | 32,128 | 17,120 |

The Group and Company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follow:

| | The Group | | The Company | |
|-----------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Australian dollars | – | 198 | – | – |
| Singapore dollars | 1,355 | 1,303 | 635 | 150 |
| China renminbi | 247 | 496 | – | – |
| Hongkong dollars | 1,468 | 1,582 | – | – |
| Philippines peso | 572 | – | – | – |
| United States dollars | 34,909 | 19,808 | – | – |

Notes to Financial Statements (cont'd)

September 30, 2006

18 PROVISIONS

| | The Group | | The Company | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Restructuring (a) | – | 58 | – | 19 |
| Employees' benefits (b) | 1,063 | 1,193 | 122 | 122 |
| | 1,063 | 1,251 | 122 | 141 |

a) Movements in restructuring provision:

| | The Group | | The Company | |
|--|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Balance at beginning of financial year | 58 | 78 | 19 | 19 |
| Exchange rate realignment | – | (1) | – | – |
| Charge to profit and loss statement | – | 24 | – | – |
| Utilised | (58) | (43) | (19) | – |
| Balance at end of financial year | – | 58 | – | 19 |

b) Movements in employees' benefits provision:

| | The Group | | The Company | |
|--|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Balance at beginning of financial year | 1,193 | 1,156 | 122 | 122 |
| Charge to profit and loss statement | 128 | 154 | – | – |
| Utilised | (258) | (117) | – | – |
| Balance at end of financial year | 1,063 | 1,193 | 122 | 122 |

The above provision relates to short term employee benefits in the form of compensated absences.

19 FINANCE LEASES

| | The Group | | | |
|--|-----------------------|------------------|--|------------------|
| | Minimum lease payment | | Present value of minimum lease payment | |
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Amounts payable under finance leases: | | | | |
| Within one year | 31 | 25 | 26 | 19 |
| In the second to fifth year inclusive | 24 | 27 | 19 | 23 |
| | 55 | 52 | 45 | 42 |
| Less: Future finance charges | (10) | (10) | NA | NA |
| Present value of lease obligations | 45 | 42 | 45 | 42 |
| Less: Amount due for settlement within twelve months | | | (26) | (19) |
| Amount due for settlement after twelve months | | | 19 | 23 |

The average lease of this finance lease is 3 years. The rate of interest for finance leases is about 17% (2005 : 17%) per annum.

Notes to Financial Statements (cont'd)

September 30, 2006

20 SHARE-BASED PAYMENTS

Share option schemes

- a) The Company has two share option schemes. The Previous Scheme was adopted in 1996. During the financial year ended September 30, 2003, the Previous Scheme was terminated and replaced by the Scheme 2003. The termination of the Previous Scheme does not affect the rights of outstanding options ("Options") granted under the Previous Scheme. Such Options continue to be exercisable in accordance with the rules of the Previous Scheme. However, upon the termination of the Previous Scheme on February 27, 2003, no further Options were granted under the Previous Scheme.
- b) The main terms of the Previous Scheme and Scheme 2003 are as follow:
- (i) The Options may be exercised in respect of 1,000 shares or a multiple thereof, on the payment of the applicable exercise price.
 - (ii) The Options (other than Options granted at a discount) may be exercised in the following manner:
 - 1) 25% of the Option amount at any time after the first anniversary of the date of the grant;
 - 2) a further 25% of the Option amount at any time after the second anniversary of the date of the grant;
 - 3) a further 25% of the Option amount at any time after the third anniversary of the date of the grant; and
 - 4) the final 25% of the Option amount at any time after the fourth anniversary of the date of the grant.
 - (iii) Options granted at a discount may be exercised in the following manner:
 - 1) 50% of the Option amount at any time after the second anniversary of the date of the grant;
 - 2) a further 25% of the Option amount at any time after the third anniversary of the date of the grant; and
 - 3) the final 25% of the Option amount at any time after the fourth anniversary of the date of the grant.
 - (iv) The option period for Options granted prior to January 20, 2006 is 10 years, except for those Options granted to non-executive directors of the Company, subsidiaries and associated companies which carry a 5-year option period.
 - (v) The Options, to the extent unexercised, shall unless the committee ("Committee") administering the Previous Scheme or Scheme 2003 (as the case may be) otherwise determines in accordance with the rules of the respective schemes lapse upon the employee ceasing to be employed by the Company or its subsidiaries or controlled associated companies.

In addition under the Scheme 2003,

- (i) the Committee may grant options at any time except that no options shall be granted during the period commencing one month before the announcement of the Group's results for each of the first three quarters of its financial year, half year or financial year, as the case may be, and ending on the date of the announcement of the relevant results;
- (ii) the total number of options granted to non-executive directors and to non-executive directors who are also members of the Audit Committee, shall not exceed 3% and 2% of the shares available under Scheme 2003, respectively; and
- (iii) the aggregate number of shares ("Shares") of the Company that may be issued under the Scheme 2003, when added to the number of Shares issued and issuable in respect of (a) all Options granted under the Scheme 2003 and (b) all awards ("Awards") granted under the Datacraft Asia Performance Share Plan ("Performance Share Plan") shall not exceed 15% of the issued Shares of the Company from time to time.

Notes to Financial Statements (cont'd)

September 30, 2006

20 SHARE-BASED PAYMENTS (cont'd)

Share option schemes (cont'd)

- c) On January 20, 2006, the shareholders of the Company ("Shareholders") approved certain modifications to the Scheme 2003 and modifications to the terms and conditions of Options granted under the Previous Scheme.

For the Previous Scheme, the modifications as approved by Shareholders allowed for flexibility of settlement in respect of the exercise of outstanding Options granted under the Previous Scheme. In addition to allotting and issuing new Shares to participants upon the exercise of Options, the Company has the discretion to also deliver treasury shares ("Treasury Shares") and/or pay the equivalent value in cash to the participant in lieu of issuing or delivering Shares to the participants.

The main modifications to the Scheme 2003 are as follow:

- (i) The maximum option period is shortened from 10 years to 7 years for Options granted to the participants after January 20, 2006. Existing Options granted with a 10-year option period prior to January 20, 2006 will continue to have the same 10-year option period.
- (ii) Performance targets were introduced as vesting conditions in addition to service conditions, that is, so long as a participant completes a specified period of service, the relevant Option will vest and become exercisable by such participant ("Service Conditions"). In respect of Options granted after January 20, 2006, such Options will only vest and become exercisable when participant satisfies the Service Conditions and achieves performance targets which are currently based on (a) profit before tax of the Group with respect to the holder of the Options who are employees of the Company and (b) profit before tax of the relevant subsidiary or controlled associated company in the case of any other employees. Such performance targets do not apply to non-executive directors. Options under the Scheme 2003 that were granted before January 20, 2006 continue to have only Service Conditions.
- (iii) In addition to allotting and issuing new Shares to participants upon the exercise of Options under the Scheme 2003, the Company has the flexibility to also determine whether to deliver Treasury Shares and/or pay the equivalent value in cash to the participant in lieu of issuing or delivering Shares to the participants.
- (iv) The expected value of the aggregate of all Options granted under the Scheme 2003, all Awards granted under Performance Share Plan and all options and awards granted under any future share-based incentive schemes of the Company ("Share-based Incentives") granted to an executive director or executive in any financial year shall not exceed that executive director's or executive's basic annual salary determined by the Company in accordance with the rules of the Scheme 2003 as at the date falling immediately prior to the date of grant. The aggregate expected value of all Share-based Incentives, valued at "fair value" as defined under FRS 102 shall not exceed 10% of the aggregate annual basic salary costs of the Group in each financial year.

The subscription price for Shares upon the exercise of an Option was equal to the market price of the Shares based on the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the last three consecutive market days on which there were transactions done for the Shares on the SGX-ST immediately preceding the date of grant of that option ("Market Price"). The Committee may at its discretion fix the subscription price at a discount not exceeding 20% to the above price.

Notes to Financial Statements (cont'd)

September 30, 2006

20 SHARE-BASED PAYMENTS (cont'd)**Share option schemes (cont'd)**

Details of Options outstanding during the year are as follow:

Previous Scheme

| | The Group and Company | | | |
|--------------------------------------|-----------------------|---|----------------------|---|
| | 2006 | | 2005 | |
| | Number of Options | Weighted average exercise price US\$ | Number of Options | Weighted average exercise price US\$ |
| Outstanding at the beginning of year | 14,991,000 | 1.941 | 19,087,000 | 2.011 |
| Forfeited during the year | (1,105,000) | 2.193 | (2,912,000) | 2.892 |
| Exercised during the year | (789,000) | 0.725 | (1,184,000) | 0.725 |
| Outstanding at the end of year | 13,097,000 | 1.993 | 14,991,000 | 1.941 |
| Exercisable at the end of year | 11,215,500 | 2.206 | 9,569,500 | 2.401 |

The weighted average share price at the date of exercise for Options exercised during the year was US\$1.028. The Options outstanding at the end of the year have a weighted average remaining contractual life of 5.4 years (2005 : 6.4 years).

Scheme 2003

| | The Group and Company | | | |
|--------------------------------------|-----------------------|---|----------------------|---|
| | 2006 | | 2005 | |
| | Number of Options | Weighted average exercise price US\$ | Number of Options | Weighted average exercise price US\$ |
| Outstanding at the beginning of year | 11,884,000 | 0.982 | 6,438,000 | 1.147 |
| Granted during the year | 6,565,000 | 1.140 | 7,200,000 | 0.835 |
| Forfeited during the year | (2,258,000) | 1.012 | (1,754,000) | 0.983 |
| Exercised during the year | (455,000) | 0.835 | - | - |
| Outstanding at the end of year | 15,736,000 | 1.048 | 11,884,000 | 0.982 |
| Exercisable at the end of year | 3,348,250 | 1.060 | 1,400,500 | 1.147 |

The weighted average share price at the date of exercise for Options exercised during the year was US\$1.050. The Options outstanding at the end of the year have a weighted average remaining contractual life of 7.2 years (2005 : 8.7 years).

For the financial year ended September 30, 2006, Options were granted on February 20, 2006. The estimated fair values of the Options granted on February 20, 2006 were between US\$0.25 and US\$0.42. For the financial year ended September 30, 2005, Options were granted on November 23, 2004. The estimated fair values of the Options granted on November 23, 2004 were between US\$0.31 and US\$0.48.

Notes to Financial Statements (cont'd)

September 30, 2006

20 SHARE-BASED PAYMENTS (cont'd)**Share option schemes (cont'd)**

These fair values were calculated using the Binomial option pricing model. The inputs into the model were as follow:

| | 2006 | 2005 |
|---------------------------------|----------------|----------------|
| Weighted average share price | US\$1.11 | US\$0.99 |
| Weighted average exercise price | US\$1.14 | US\$0.835 |
| Expected volatility | 43% | 46% |
| Contractual life | 7 years | 10 years |
| Risk free rates | 4.60% to 4.71% | 2.78% to 4.33% |
| Expected dividend yield | 1.2% | Nil |

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years.

It was assumed that employees who voluntarily resign would have exercised their options right before they resign if the share price at the point of exercise exceeds the exercise price. It was further assumed that employees will only exercise their options if the share price at that moment exceeds the exercise price by 15% (2005 : 10%).

The Group recognised total expenses of US\$1,537,000 (2005 : US\$1,950,000) related to equity-settled share-based payment transactions during the year.

Performance Share Plan

On January 20, 2006, the Shareholders approved the Performance Share Plan under which awards of fully paid-up shares will be granted, free of payment, to selected eligible participants, when and after pre-determined performance targets and/or service conditions are satisfied. The Awards may be settled by the issue of new Shares and/or the delivery of Treasury shares and/or payment of the equivalent value in cash to participants in lieu of issuing or delivering Shares to the participants or combinations thereof at the sole discretion of the Company. No Awards were granted under the Performance Share Plan during the financial year.

21 ISSUED CAPITAL

| | The Group and Company | | | | |
|--|---------------------------|--------------|---------------|----------|----------|
| | 2006 | 2005 | 2005 | 2006 | 2005 |
| | Number of ordinary shares | | US\$'000 | | US\$'000 |
| | | S\$0.05 each | S\$0.10 each | | |
| Issued and fully paid: | | | | | |
| At beginning of financial year | 467,339,683 | – | 466,155,683 | 14,080 | 27,983 |
| Exercise of share options via issue of new shares | 673,000 | – | 1,169,000 | 216 | 72 |
| | 468,012,683 | – | 467,324,683 | 14,296 | 28,055 |
| Capital reduction | – | 467,324,683 | (467,324,683) | (80,445) | (13,975) |
| Exercise of share options via issue of new shares | – | 15,000 | – | – | – |
| Transfer of share premium account to share capital account | – | – | – | 206,148 | – |
| At end of financial year | 468,012,683 | 467,339,683 | – | 139,999 | 14,080 |

Notes to Financial Statements (cont'd)

September 30, 2006

21 ISSUED CAPITAL (cont'd)

In 2005, the Company undertook a capital reduction exercise pursuant to Section 73(1) of the Companies Act to reduce the Company's issued and paid-up capital of S\$46,732,468 divided into 467,324,683 ordinary shares of S\$0.10 each as at May 30, 2005 to S\$23,366,234 represented by 467,324,683 ordinary shares of S\$0.05 each. The reduction was effected by the reduction in par value of each ordinary share in the capital of the Company from S\$0.10 to S\$0.05. As a result of the capital reduction, there was a cash distribution of S\$23,366,000 (equivalent to US\$13,975,000) to shareholders on July 4, 2005.

As a result of the Companies (Amendment) Act 2005 effective from January 30, 2006, the concept of authorised share capital and par value has been abolished. An amount of US\$206,148,000 in the share premium account has been transferred to the Company's share capital account in the current financial year.

During the financial year, the Company undertook a further capital reduction exercise pursuant to Section 78A read with Section 78C of the Companies Act to cancel from the Company's issued and paid-up capital an amount of US\$80,445,000 which eliminated the deficit in the Company's accumulated profit account as at March 31, 2006.

During the financial year, 414,000 (2005: 1,184,000) and 259,000 (2005: Nil) new ordinary shares were issued pursuant to the exercise of Options granted under the Previous Scheme and the Scheme 2003 (Note 20) respectively.

22 TREASURY SHARES

| | The Group and Company | | | |
|--------------------------------|---------------------------|------|----------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| | Number of ordinary shares | | US\$'000 | US\$'000 |
| At beginning of financial year | – | – | – | – |
| Repurchased during the year | 17,121,000 | – | 17,689 | – |
| Reissued upon option exercise | (200,000) | – | (227) | – |
| At end of financial year | 16,921,000 | – | 17,462 | – |

The Companies Act was amended to allow companies to hold Treasury Shares after January 30, 2006. Pursuant to a share purchase mandate ("Share Purchase Mandate") approved by Shareholders on January 20, 2006, the Company purchased a total of 17,121,000 shares through market purchases on the Singapore Exchange Securities Trading Limited during the year. The total amount paid to acquire the shares pursuant to the Share Purchase Mandate was US\$17,689,000 and has been deducted from shareholders' equity. The repurchased shares are held as "Treasury Shares". The Company intends to transfer from time to time such Treasury Shares to satisfy exercise of Options under the Share Option Schemes and/or grant of Awards under the Performance Share Plan. During the financial year, 134,000 and 66,000 Treasury Shares were transferred and delivered upon the exercise of Options granted under the Previous Scheme and the Scheme 2003, respectively.

Notes to Financial Statements (cont'd)

September 30, 2006

23 REVENUE

| | The Group | |
|-------------------------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Hardware product sales | 310,018 | 296,406 |
| Software product sales and services | 172,139 | 159,571 |
| | 482,157 | 455,977 |

Revenue of the Group, which excludes sales between group companies, represents sales of data communication systems at invoiced value, pro-rated maintenance income, training and installation fees received, net of goods and services tax.

24 OTHER OPERATING INCOME

| | The Group | |
|-------------------------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Insurance settlement ⁽¹⁾ | 5,150 | – |
| Interest income: | | |
| Bank deposits | 3,540 | 1,854 |
| Others | 9 | 37 |
| Foreign exchange gain | 348 | 1,292 |
| Investment income | 497 | 556 |
| Others | – | 205 |
| | 9,544 | 3,944 |

⁽¹⁾ During the financial year, the Company received US\$5,150,000 from its insurers as payment for loss from the non-recoverability of certain accounts receivables in China which were provided for in full in the previous financial years.

25 FINANCE COSTS

| | The Group | |
|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Interest expense | 104 | 102 |

Notes to Financial Statements (cont'd)

September 30, 2006

26 INCOME TAX

| | The Group | |
|--|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Current – Singapore | 1,745 | 1,502 |
| – Foreign | 6,823 | 4,456 |
| Deferred | (177) | 1,439 |
| Under (Over) provision in prior financial years: | | |
| Current | 885 | 666 |
| Deferred | (264) | (225) |
| | 9,012 | 7,838 |

Domestic income tax is calculated at 20% (2005 : 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the accounting period can be reconciled to the accounting profit as follows:

| | The Group | |
|--|------------------|---|
| | 2006 US\$'000 | 2005 US\$'000 (restated) ^(a) |
| Profit before tax | 35,271 | 17,986 |
| Income tax benefit at statutory rate of 20% (2005 : 20%) | 7,054 | 3,597 |
| Non-allowable items | 2,446 | 2,480 |
| Underprovision in prior financial years | 621 | 441 |
| Non-taxable income | (2,075) | (448) |
| Tax on foreign sourced income | 970 | 554 |
| Income subject to concessionary tax rate | (110) | (92) |
| Tax benefit on tax loss carryforwards recognised | (680) | – |
| Tax benefits not recognised | 321 | 767 |
| Tax benefits utilised previously not recognised | (1,492) | (976) |
| Tax rate differentials between Singapore and foreign countries | 1,960 | 1,569 |
| Other items | (3) | (54) |
| | 9,012 | 7,838 |

^(a) Restated to include the effects of adoption of the new Singapore Financial Reporting Standards applicable to the Group and the Company. Please refer to Note 2.

During the financial year, the Company was granted the Operational Headquarters (“OHQ”) status effective from October 1, 2005 for a renewed period of 5 years subject to the fulfilment of certain terms and conditions by October 1, 2009. The income from the qualifying OHQ activities was taxed at a concessionary rate of 10% for the current financial year.

Subject to the satisfaction of the conditions for group relief, US\$172,000 (2005 : US\$414,000) of tax losses arising in the current year are transferred to some subsidiaries under the group relief system at no consideration. The benefit from group relief amounted to US\$34,000 (2005 : US\$83,000).

Notes to Financial Statements (cont'd)

September 30, 2006

27 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

| | The Group | |
|---|------------------|---|
| | 2006 US\$'000 | 2005 US\$'000 (restated) ^(a) |
| Remuneration of directors of the Company (Note A) | 2,367 | 2,286 |
| Remuneration of directors of subsidiaries (Note A) | 3,205 | 2,857 |
| Costs of defined contribution plans | 2,914 | 2,846 |
| Other staff costs (excluding remuneration of directors and costs of defined contribution plans) | 68,221 | 57,321 |
| Audit fees for auditors of the Company | 315 | 296 |
| Audit fees for other auditors | 431 | 420 |
| Fees payable for non-audit services rendered by: | | |
| Auditors of the Company | 129 | 117 |
| Other auditors | 1,091 | 658 |
| Cost of inventories | 291,463 | 281,841 |
| Allowance for inventories | 422 | 1,717 |
| Depreciation of plant and equipment | 7,915 | 7,524 |
| Loss (Gain) on disposal of plant and equipment | 208 | (11) |
| Foreign exchange gain | (348) | (1,292) |

^(a) Restated to include the effects of adoption of the new Singapore Financial Reporting Standards applicable to the Group and the Company. Please refer to Note 2.

Note

A) Included in the remuneration of the directors are the share-based payments for the options granted to directors of the Company and subsidiaries of US\$385,000 and US\$173,000 (2005: US\$468,000 and US\$130,000) respectively.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

| | The Group | |
|--------------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Short-term benefits | 7,335 | 6,227 |
| Post-employment benefits | 66 | 58 |
| Share-based payments | 760 | 751 |
| Total | 8,161 | 7,036 |

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

Notes to Financial Statements (cont'd)

September 30, 2006

28 EARNINGS PER ORDINARY SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

| | 2006 | | 2005 | |
|---|--------|---------|------------------------------------|--------------------------------------|
| | Basic | Diluted | Basic (restated) ^(a) | Diluted (restated) ^(a) |
| Earnings (US\$'000): | | | | |
| Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company) | 26,314 | 26,314 | 10,216 | 10,216 |

^(a) Restated to include the effects of adoption of the new Singapore Financial Reporting Standards applicable to the Group and the Company. Please refer to Note 2.

| | 2006 | | 2005 | |
|---|---------|---------|---------|---------|
| | Basic | Diluted | Basic | Diluted |
| Number of shares ('000): | | | | |
| Weighted average number of ordinary shares | 462,897 | 462,897 | 466,951 | 466,951 |
| Adjustment: | | | | |
| – dilutive potential ordinary shares | – | 2,429 | – | 2,775 |
| Weighted average number of ordinary shares used to compute earnings per share | 462,897 | 465,326 | 466,951 | 469,726 |
| Earnings per share (US cents) | 5.68 | 5.66 | 2.19 | 2.17 |

Impact of changes in accounting policy

Changes in the Group's accounting policies during the financial year are described in detail in Note 2 to the financial statements. To the extent that those changes have had an impact on the results reported for 2006 and 2005, they have an impact on the amounts reported for the earnings per share. The following table summarises that impact on both basic and diluted earnings per share:

| | Impact on basic earnings per share | | Impact on diluted earnings per share | |
|---|------------------------------------|----------|--------------------------------------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| | US cents | US cents | US cents | US cents |
| Recognition of share-based payments as expenses | 0.33 | 0.42 | 0.33 | 0.42 |

Notes to Financial Statements (cont'd)

September 30, 2006

29 COMMITMENTS

| | | The Group | |
|----|--|------------------|------------------|
| | | 2006 US\$'000 | 2005 US\$'000 |
| a) | Capital expenditure commitments: Estimated amounts committed for future capital expenditure but not provided for in the financial statements | 106 | 157 |
| b) | Operating rental commitments: Minimum rental payments paid under operating lease | 7,073 | 7,433 |

The Group and the Company have commitments for non-cancellable operating leases of premises and assets. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 2 years. The minimum rental commitments are as follow:

| | The Group | | The Company | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Payable within 1 year | 6,211 | 6,020 | 213 | 240 |
| Payable within 2 to 5 years inclusive | 7,182 | 4,960 | 551 | – |
| | 13,393 | 10,980 | 764 | 240 |

c) The aggregate value of forward foreign exchange contracts outstanding at end of financial year were as follow:

| | The Group | | The Company | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Equivalent in United States dollars | 12,177 | 8,303 | – | – |

30 CONTINGENT ITEMS

| | The Group | | The Company | |
|--|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Secured | | | | |
| Performance guarantees (Note 6) | – | 1,204 | – | – |
| Unsecured | | | | |
| Guarantees given by the Company to banks in connection with bank facilities provided to subsidiaries | – | – | 52,208 | 43,165 |

Notes to Financial Statements (cont'd)

September 30, 2006

30 CONTINGENT ITEMS (cont'd)

| | The Group | | The Company | |
|--|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Guarantees given by the Company to a financing company in connection with credit facilities provided to subsidiaries | – | – | 37,000 | 4,000 |
| Guarantees given by the Company to a leasing company in connection with leasing facilities provided to a subsidiary | – | – | – | 2,373 |
| Guarantees given to banks for tenancy security | 84 | – | 57 | – |
| Performance bond issued by the banks of the Company in favour of subsidiaries ⁽¹⁾ | 2,871 | 3,261 | 2,871 | 3,261 |
| Bond given by a subsidiary to Commissioner of Customs | 436 | 436 | – | – |
| Performance guarantees | 10,627 | 9,099 | 1,046 | – |
| Promissory note given to a bank | 45 | – | – | – |
| Discounting with recourse | 3,118 | 7,734 | – | – |

⁽¹⁾ A negative pledge of assets of the Company, excluding the investments in Datacraft India Limited and Datacraft (NZ) Limited are held for granting bank facilities.

As at September 30, 2005, the Company and one of its subsidiaries were named as defendants in a legal suit in Singapore arising from a previous commercial settlement with the plaintiffs. During the previous financial year, the High Court of Singapore ruled in favor of the Company and its subsidiary and the case was dismissed. However, the plaintiffs subsequently made an appeal to the Court of Appeal of Singapore, which ruled in favour of Datacraft and the case was dismissed during the current financial year. In addition, the plaintiffs have commenced a separate legal action in Japan against the Company's subsidiary in Japan and other parties in respect of a dispute relating to the merger of two companies in Japan. The Company and its subsidiaries have engaged a legal counsel to resist, contest and dispute the plaintiffs' claims to the fullest extent possible. The Company has received legal advice that it has viable defences to the claims. The Company has instructed its legal counsel to defend the cases in line with the legal advice. The information usually required by FRS 37 Provisions, Contingent Liabilities and Contingent Assets, is not disclosed by the Group on the grounds that it can be expected to prejudice seriously the outcome of the legal case. The directors of the Company do not expect the aforementioned claims to have a significant financial effect on the consolidated financial statements.

During the previous financial year, one of the Company's subsidiaries received an additional notice of assessment amounting to Euro2,540,122 (equivalent to US\$3,048,000) for prior financial years. The Company engaged an external tax consultant to evaluate the merits of the claim. The external tax consultant has lodged an objection to the assessment and requested a deferral of payment to the relevant tax authority. It advised the Company that there is a strong probability of the Company being able to defend the claim. Subsequent to the financial year end, the external tax consultant informed the Company that the relevant tax authority proposed a compromise settlement of Euro100,000 (equivalent to US\$127,000) which includes interests and penalties. The Company has instructed the tax consultant to accept the proposed settlement. No provision has been made for this settlement as the amount incurred is not significant to the consolidated financial statements.

Notes to Financial Statements (cont'd)

September 30, 2006

31 GEOGRAPHICAL AND BUSINESS SEGMENTS INFORMATION

For management purposes, the Group operates primarily in the following geographical areas — ASEAN, Greater China, East Asia, India and New Zealand.

(a) By geographical areas based on location of assets:

| | ASEAN | | Greater China | | East Asia | | India and New Zealand | | Eliminations | | Consolidated | |
|--|----------|----------|---------------|----------|-----------|----------|-----------------------|----------|--------------|----------|--------------|----------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Revenue | | | | | | | | | | | | |
| External sales | 163,191 | 143,861 | 99,233 | 88,170 | 89,733 | 109,433 | 130,000 | 114,513 | — | — | 482,157 | 455,977 |
| Inter-segment sales | 18,709 | 15,629 | 255 | 162 | — | — | — | — | (18,964) | (15,791) | — | — |
| Total revenue | 181,900 | 159,490 | 99,488 | 88,332 | 89,733 | 109,433 | 130,000 | 114,513 | (18,964) | (15,791) | 482,157 | 455,977 |
| Result | | | | | | | | | | | | |
| Segment result | 13,444 | 8,391 | 8,528 | 1,167 | (2,289) | (2,268) | 12,143 | 8,907 | — | — | 31,826 | 16,197 |
| Interest income | | | | | | | | | | | 3,549 | 1,891 |
| Profit from operating activities | | | | | | | | | | | 35,375 | 18,088 |
| Finance costs | | | | | | | | | | | (104) | (102) |
| Profit before income tax | | | | | | | | | | | 35,271 | 17,986 |
| Income tax | | | | | | | | | | | (9,012) | (7,838) |
| Profit for the year | | | | | | | | | | | 26,259 | 10,148 |
| Minority interests | | | | | | | | | | | 55 | 68 |
| Profit attributable to the equity holders of the Company | | | | | | | | | | | 26,314 | 10,216 |

Notes to Financial Statements (cont'd)

September 30, 2006

31 GEOGRAPHICAL AND BUSINESS SEGMENTS INFORMATION (cont'd)

| | ASEAN | | Greater China | | East Asia | | India and New Zealand | | Eliminations | | Consolidated | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 | 2006 US\$'000 | 2005 US\$'000 |
| Other Information | | | | | | | | | | | | |
| Segment assets | 123,986 | 103,980 | 101,337 | 84,635 | 50,335 | 52,770 | 37,834 | 38,865 | - | - | 313,492 | 280,250 |
| Tax recoverables | | | | | | | | | | | 4,126 | 3,917 |
| Deferred tax assets | | | | | | | | | | | 2,592 | 2,368 |
| | | | | | | | | | | | 320,210 | 286,535 |
| Segment liabilities | 54,391 | 45,044 | 32,911 | 22,065 | 21,138 | 20,660 | 11,403 | 13,408 | - | - | 119,843 | 101,177 |
| Finance leases | | | | | | | | | | | 45 | 42 |
| Income tax payable | | | | | | | | | | | 7,877 | 7,282 |
| Deferred income tax | | | | | | | | | | | 795 | 1,163 |
| | | | | | | | | | | | 128,560 | 109,664 |
| Capital expenditure (tangible and intangible assets) | 4,015 | 2,812 | 817 | 1,586 | 692 | 467 | 699 | 1,671 | - | - | 6,223 | 6,536 |
| Depreciation and amortisation of deferred expenditure and goodwill | 3,399 | 3,280 | 1,793 | 1,556 | 1,236 | 1,645 | 1,487 | 1,043 | - | - | 7,915 | 7,524 |

Notes to Financial Statements (cont'd)

September 30, 2006

31 GEOGRAPHICAL AND BUSINESS SEGMENTS INFORMATION (cont'd)

(b) By business segments:

| | Revenue | |
|-------------------------------------|------------------|------------------|
| | 2006 US\$'000 | 2005 US\$'000 |
| Hardware product sales | 310,018 | 296,406 |
| Software product sales and services | 172,139 | 159,571 |
| Total | 482,157 | 455,977 |

Notes:

- (i) The above segmental information has been compiled in a consistent manner. Revenue is based on the country in which the assets are located. It would not be materially different if based on the country in which the client is located. Inter-segment sales were carried out in the normal course of business on terms agreed between the parties.
- (ii) Composition of each geographical segment is as follows:
 ASEAN — Singapore, Malaysia, Thailand, Indonesia, Philippines and Vietnam
 Greater China — The People's Republic of China, Hong Kong and Taiwan
 East Asia — Japan and Korea
- (iii) No split of assets and capital expenditure by business segments has been presented as assets are used for both business segments interchangeably and directors do not consider this information would be meaningful.
- (iv) Due to the change in accounting policy, the comparison figure was adjusted to include the impact of share options expense. The items were adjusted as follow:

| | Previously reported US\$'000 | As restated ^(a) US\$'000 |
|----------------------------|------------------------------------|---|
| Segment result | | |
| ASEAN | 9,526 | 8,391 |
| Greater China | 1,533 | 1,167 |
| East Asia | (2,135) | (2,268) |
| India and New Zealand | 9,223 | 8,907 |
| | 18,147 | 16,197 |
| Segment assets | | |
| ASEAN | 99,978 | 103,980 |
| Greater China | 86,353 | 84,635 |
| East Asia | 51,314 | 52,770 |
| India and New Zealand | 37,028 | 38,865 |
| | 274,673 | 280,250 |
| Segment liabilities | | |
| ASEAN | 41,042 | 45,044 |
| Greater China | 23,783 | 22,065 |
| East Asia | 19,204 | 20,660 |
| India and New Zealand | 11,571 | 13,408 |
| | 95,600 | 101,177 |

^(a) Restated to include the effects of adoption of the new Singapore Financial Reporting Standards applicable to the Group and the Company. Please refer to Note 2.

Notes to Financial Statements (cont'd)

September 30, 2006

32 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended on the face of the balance sheet, profit and loss statement, statement of changes in equity and cash flow statements, and the related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation. The items were reclassified as follow:

| | Previously reported US\$'000 | The Group After reclassification US\$'000 |
|-----------------------------------|------------------------------------|--|
| Trade receivables | 92,478 | 103,068 |
| Other receivables and prepayments | 40,269 | 35,256 |
| Trade and other payables | 94,349 | 99,926 |

33 SUBSEQUENT EVENT

Subsequent to the balance sheet date, the Board of Directors proposed a total after-tax dividend of 4.71 US cents per share. The dividend comprises a final dividend of 3.7 US cents less 20% tax, a special dividend made up of 0.5 US cents less 20% tax and a tax exempt dividend of 1.35 US cents. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

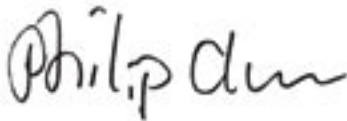
Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 69 to 116 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 September 30, 2006 and the results, changes in equity and the cash flows of the Group and the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS



William Bruce Grahame Padfield



Philip Chu Yan-Jy

November 29, 2006

Shareholders' Information

| | |
|---|----------------------|
| Total number of ordinary shares in issue as at December 15, 2006 | : 468,012,683 |
| Number of ordinary shares in issue with voting rights as at December 15, 2006 | : 450,704,683 |
| Voting rights | : One vote per share |

Analysis of shareholders by range of balances as at December 15, 2006

| Size of Shareholdings | Number of Shareholders | % | Number of Shares | % |
|-----------------------|------------------------|---------------|--------------------|---------------|
| 1 – 999 | 340 | 2.94 | 10,139 | 0.00 |
| 1,000 – 10,000 | 9,456 | 81.90 | 35,175,022 | 7.52 |
| 10,001 – 1,000,000 | 1,731 | 14.99 | 59,772,849 | 12.77 |
| 1,000,001 – and above | 19 | 0.17 | 373,054,673 | 79.71 |
| Total | 11,546 | 100.00 | 468,012,683 | 100.00 |

Twenty largest registered shareholders as at December 15, 2006

| Shareholder's Name | Number of Shares | % of Holdings |
|--|--------------------|---------------|
| 1 Dimension Data International Limited | 240,633,669 | 51.42 |
| 2 DBS Nominees Pte Ltd | 32,498,224 | 6.94 |
| 3 Raffles Nominees Pte Ltd | 17,961,541 | 3.84 |
| 4 Datacraft Asia Ltd - Share Buyback | 17,308,000 | 3.70 |
| 5 Citibank Nominees Singapore Pte Ltd | 11,773,002 | 2.52 |
| 6 Morgan Stanley Asia (Singapore) Securities Pte Ltd | 11,575,100 | 2.47 |
| 7 HSBC (Singapore) Nominees Pte Ltd | 8,458,490 | 1.81 |
| 8 DBSN Services Pte Ltd | 5,959,922 | 1.27 |
| 9 UOB Kay Hian Pte Ltd | 5,598,365 | 1.20 |
| 10 Kim Eng Securities Pte. Ltd. | 3,815,604 | 0.81 |
| 11 DBS Vickers Securities (Singapore) Pte Ltd | 3,131,076 | 0.67 |
| 12 OCBC Securities Private Ltd | 2,907,331 | 0.62 |
| 13 Oversea Chinese Bank Nominees Pte Ltd | 2,896,000 | 0.62 |
| 14 Phillip Securities Pte Ltd | 2,093,458 | 0.45 |
| 15 CIMB-GK Securities Pte. Ltd. | 1,463,032 | 0.31 |
| 16 DB Nominees (S) Pte Ltd | 1,426,044 | 0.30 |
| 17 United Overseas Bank Nominees (Private) Limited | 1,339,321 | 0.29 |
| 18 Hong Leong Finance Nominees Pte Ltd | 1,117,002 | 0.24 |
| 19 Merrill Lynch (Singapore) Pte Ltd | 1,099,492 | 0.23 |
| 20 Citibank Consumer Nominees Pte Ltd | 997,029 | 0.21 |
| Total | 374,051,702 | 79.92 |

Substantial shareholders as at December 15, 2006 (as recorded in the register of substantial shareholders)

| Shareholder's Name | Direct Interest | Deemed Interest |
|--------------------------------------|-----------------|-----------------|
| Dimension Data International Limited | 240,633,669 | 93,164 |
| Dimension Data Holdings plc | – | 240,726,833 |
| Spectrum Holdings Inc | – | 240,726,833 |

Shareholders' Information (cont'd)

Directors' Interest in Datacraft Asia Ltd as at October 21, 2006**Ordinary shares**

| Name of Directors | Direct Interest | Deemed Interest |
|--------------------------------|-----------------|-----------------|
| Frank Yung-Cheng Yung | 20,000 | 53,204 |
| Ronald John Cattell | 404,072 | 1,009,075 |
| Seet Ai Mee | 38,000 | – |
| William Bruce Grahame Padfield | 110,000 | – |

Options to acquire ordinary shares under the Datacraft Asia Share Option Scheme and the Datacraft Asia Share Option Scheme 2003

| Name of Directors | Direct Interest | Deemed Interest |
|--------------------------------|-----------------|-----------------|
| Frank Yung-Cheng Yung | 400,000 | – |
| Lal Chandra Singh | 50,000 | – |
| Philip Chu Yan-Jy | 1,230,000 | – |
| Ronald John Cattell | 1,300,000 | – |
| Seet Ai Mee | 325,000 | – |
| William Bruce Grahame Padfield | 2,030,000 | – |

Based on the information available to the Company, approximately 45% of the Company's equity securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's equity securities to be held by the public.

Notice of Thirteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of Datacraft Asia Ltd ("**Company**") will be held at The Oriental, Singapore, 5 Raffles Avenue, Marina Square, Singapore 039797 on Tuesday, January 30, 2007 at 2.00 p.m. for the following purposes:-

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended September 30, 2006, together with the Auditors' Report thereon. (Resolution 1)
2. (a) To re-elect Mr Lal Chandra Singh, a Director retiring in accordance with Article 104 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 2)

(b) To re-elect Mr Jeremy John Ord, a Director retiring in accordance with Article 104 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 3)

(c) To re-elect Mr Josua Malherbe, a Director retiring in accordance with Article 104 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 4)
3. To re-appoint Mr Frank Yung-Cheng Yung, a Director retiring under Section 153(6) of the Companies Act, Chapter 50 ("**Act**"), to hold office until the next annual general meeting of the Company. (See Explanatory Note Below) (Resolution 5)
4. (a) To approve the payment of additional Directors' fees of S\$86,400 for the financial year ended September 30, 2006. (Resolution 6)

(b) To approve Directors' fees of S\$397,800 for the financial year from October 1, 2006 to September 30, 2007 (2006: S\$382,500). (Resolution 7)
5. To declare a total after-tax dividend of 4.71 US cents per share comprising of:- (Resolution 8)

(a) a final dividend of 3.7 US cents less 20% tax; and

(b) a special dividend made up of (i) 0.5 US cents less 20% tax and (ii) tax-exempt 1.35 US cents, for the financial year ended September 30, 2006 (FY2005: Nil).
6. To re-appoint Messrs Deloitte & Touche as auditors and to authorise Directors to fix their remuneration. (Resolution 9)
7. To transact any other business of an Annual General Meeting.

As Special Business

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

8. Authority to allot and issue shares (Resolution 10)

That pursuant to Section 161 of the Act and the rules of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

Notice of Thirteenth Annual General Meeting (cont'd)

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

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

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:

- (1) 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 but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above:
 - (i) the percentage of issued share capital shall be calculated based on the issued share capital of the Company as at the date of the passing of this Resolution after adjusting for:
 - (aa) new Shares arising from the conversion or exercise of any convertible securities and share options that have been issued pursuant to any previous shareholders' approval and which are outstanding as at the date of the passing of this Resolution; and
 - (bb) any subsequent consolidation or subdivision of Shares; and
 - (ii) in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

Notice of Thirteenth Annual General Meeting (cont'd)

9. [Authority to grant and issue Shares under the Datacraft Asia Share Option Scheme and the Datacraft Asia Share Option Scheme 2003](#)

(Resolution 11)

That approval be and is hereby given to the Directors:-

- (i) to offer and grant options from time to time in accordance with the provisions of the Datacraft Asia Share Option Scheme 2003 ("**2003 Scheme**"); and
- (ii) pursuant to Section 161 of the Act, 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 Datacraft Asia Share Option Scheme ("**Previous Scheme**") and/or the 2003 Scheme (collectively, "**Scheme Shares**"), as the case may be, and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the number of Scheme Shares to be issued, when aggregated together with shares to be issued pursuant to the Datacraft Asia Performance Share Plan and any other existing share schemes of the Company, shall not exceed 15 per cent. of the issued share capital of the Company from time to time.

10. [Authority to allot and issue shares under the Datacraft Scrip Dividend Scheme](#)

(Resolution 12)

That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors to allot and issue from time to time such number of shares in the Company as may be required to be allotted and issued pursuant to the Datacraft Scrip Dividend Scheme.

11. [Authority to grant awards and to allot and issue shares under the Datacraft Asia Performance Share Plan](#)

(Resolution 13)

That approval be and is hereby given to the Directors to grant awards from time to time in accordance with the provisions of the Datacraft Asia Performance Share Plan ("**Datacraft Asia PSP**"), and, pursuant to Section 161 of the Act, to allot and issue from time to time such number of shares as may be required to be issued pursuant to the vesting of the awards under the Datacraft Asia PSP, provided always that the aggregate number of shares to be allotted and issued pursuant to the Datacraft Asia PSP, when aggregated together with shares to be allotted and issued pursuant to the Previous Scheme, the Scheme 2003 and any other existing employee share schemes of the Company shall not exceed 15 per cent. of the issued share capital of the Company from time to time.

12. [The Proposed Renewal of the Share Purchase Mandate](#)

(Resolution 14)

That:-

- (a) the Directors of the Company be and are hereby authorised to purchase or otherwise acquire from time to time issued ordinary Shares, up to a maximum of 10 per cent. of the issued ordinary share capital of the Company as at the date of the passing of this Resolution at any price which the Director may determine at their discretion, up to the Maximum Price (defined below), and such purchases and acquisitions of the Shares may be effected by way of:
 - (i) an on-market share acquisition ("**Market Purchase**") transacted on the SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or
 - (ii) an off-market acquisition ("**Off-Market Purchase**") effected otherwise than on the SGX-ST pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Act, and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable ("**Share Purchase Mandate**");

Notice of Thirteenth Annual General Meeting (cont'd)

- (b) the Share Purchase Mandate shall, unless varied or revoked by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier;
- (c) in this Resolution, the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by a committee of Directors constituted by the Directors for the purposes to effect the purchase or acquisition of Shares. The purchase price to be paid for the Shares pursuant to the Share Purchase Mandate (both Market Purchase and Off-Market Purchase) must not exceed 105% of the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition ("**Maximum Price**"),

For the above purposes:

"Average Closing Price" means the average of the last dealt prices of a Share for the five market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period; and

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than 105% of the Average Closing Price of the Shares (excluding related expenses of the purchase or acquisition) for each Share) and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company and each of them be authorised, empowered to complete and do and execute all such things and acts as they or he/she may think necessary or expedient to give effect to this Resolution, with such modifications thereto (if any) as they or he/she shall think fit in the interests of the Company.

13. The Proposed Renewal of the Mandate for Interested Person Transactions

(Resolution 15)

That:-

- (a) approval be and is hereby given ("**IPT Mandate**"), for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies, or any of them, to enter into any of the transaction(s) falling within the types of interested person transactions, particulars of which are set out in the Addendum dated January 12, 2007 ("**Addendum**") accompanying this Notice, with any person who falls within the class of interested persons described in the Addendum, provided that such transactions are made at arm's length and on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders, and will be subject to the review procedures set out in the Addendum;
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

Notice of Thirteenth Annual General Meeting (cont'd)

- (d) the Directors of the Company be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

By Order of the Board of Directors

Evelyn Wee Kim Lin

Company Secretary

January 12, 2007

Singapore

Notes:

- (1) A member of the Company entitled to attend and vote at the above meeting may appoint a proxy (or in the case of a corporation, to appoint its authorised representative or proxy) to attend and vote on his behalf.
- (2) A proxy need not be a member of the Company and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.
- (3) The instrument appointing a proxy must be deposited at the registered office of the Company at 6 Temasek Boulevard, #26-01/05 Suntec Tower Four, Singapore 038986 not less than 48 hours before the time appointed for holding the meeting.

Explanatory Note

If re-appointed at the Thirteenth Annual General Meeting, Mr. Frank Yung-Cheng Yung shall hold office until the next annual general meeting of the Company, in accordance with Section 153(6) of the Act. Mr. Yung, an independent Director, will also remain as the chairman of the Audit Committee of the Company.

Notice of Thirteenth Annual General Meeting (cont'd)

Explanatory Statements pursuant to Article 64 of the Articles of Association of the Company in respect of Resolutions 10 to 15

Ordinary Resolution 10

The proposed Resolution 10, if passed, will empower the Directors to issue Shares in the capital of the Company and/or Instruments. The aggregate number of Shares to be issued pursuant to Resolution 10 (including Shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 10 but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) shall not exceed 50 per cent. of the issued share capital of the Company, with a sub-limit of 20 per cent. for Shares issued other than on a pro-rata basis (including Shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 10 but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the issued share capital of the Company as at the date of the passing of Resolution 10 after adjusting for:

- (a) new Shares arising from the conversion or exercise of convertible securities and share options that have been issued pursuant to any previous shareholders' approval and which are outstanding as at the date of the passing of Resolution 10; and
- (b) any subsequent consolidation or subdivision of Shares.

This calculation is in accordance with Rule 806(3) of the Listing Manual of the SGX-ST. The authority will continue in force until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier, unless previously revoked or varied at a general meeting.

Ordinary Resolution 11

The proposed Resolution 11, if passed, will empower the Directors to offer and grant options under the 2003 Scheme (as from time to time amended, modified or supplemented), approved at an extraordinary general meeting of the Company held on February 27, 2003, and to allot and issue Shares in the capital of the Company, pursuant to the exercise of options under the 2003 Scheme and/or the Previous Scheme, provided that the aggregate number of Shares to be issued under the 2003 Scheme and the Previous Scheme, when aggregated with Shares to be issued under any other existing share schemes of the Company, does not exceed 15 per cent. of the issued share capital of the Company for the time being.

The Previous Scheme, which was adopted in 1996, was terminated and replaced by the 2003 Scheme on February 27, 2003. The termination of the Previous Scheme does not affect the rights of outstanding options granted under the Previous Scheme. Such options continue to be exercisable in accordance with the rules of the Previous Scheme. However, upon the termination of the Previous Scheme, no further options were granted under the Previous Scheme.

Ordinary Resolution 12

The proposed Resolution 12, if passed, will empower the Directors to allot and issues Shares in the Company pursuant to the Datacraft Scrip Dividend Scheme (as from time to time amended, modified, or supplemented) which was implemented following shareholders' approval obtained at an extraordinary general meeting held on October 23, 1998.

Ordinary Resolution 13

The proposed Resolution 13, if passed, will empower the Directors to offer and grant awards under the Datacraft Asia PSP (as from time to time amended, modified or supplemented), which was approved at the extraordinary general meeting of the Company on January 20, 2006, and to allot and issue Shares in the capital of the Company, pursuant to the vesting of the awards under the Datacraft Asia PSP provided that the aggregate number of Shares to be issued under the Datacraft Asia PSP, when aggregated with Shares to be issued under any other existing share schemes of the Company, does not exceed 15 per cent. of the issued share capital of the Company for the time being.

Ordinary Resolution 14

The proposed Resolution 14, if passed, will empower the Directors of the Company, from the date of the Thirteenth Annual General Meeting until the date the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10 per cent. of the issued ordinary share capital of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Addendum accompanying this Notice.

Ordinary Resolution 15

The proposed Resolution 15, if passed, will renew the IPT Mandate (first approved at the extraordinary general meeting held on January 20, 2006) to facilitate the Company, its subsidiaries and associated companies to enter into Interested Persons Transactions, the details of which are set out in the Addendum accompanying this Notice. The authority pursuant to the renewed IPT Mandate will expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held or when varied or revoked by the Company in general meeting, which is the earlier.

NOTICE OF BOOKS CLOSURE DATE AND PAYMENT DATE FOR FINAL AND SPECIAL DIVIDENDS

NOTICE IS ALSO GIVEN that, subject to the approval of the shareholders to the final and special dividends at the Thirteenth Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on February 8, 2007 for the preparation of dividend warrants. The Register of Members and the Transfer Books will re-open on February 9, 2007. Duly completed registered transfers of ordinary shares in the capital of the Company received by the Company's Share Registrars, Tricor Barbinder Share Registration Services, at 8 Cross Street, #11-00 PWC Building, Singapore 048424 before 5.00 p.m. on February 7, 2007, will be registered in the Register of Members and the Transfer Books of the Company to determine shareholders' entitlements to the final and special dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("**CDP**"), the final and special dividends will be paid by the Company to CDP which will, in turn, distribute the entitlements to the final and special dividends to CDP account-holders in accordance with its normal practice.

The final and special dividends, if approved by shareholders, will be paid on February 23, 2007.

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DATA-CRAFT ASIA LTD

Registration No. 199301842Z
(Incorporated in the Republic of Singapore)

PROXY FORM

I/We* _____
of _____

being a member/members* of **DATA-CRAFT ASIA LTD** (the "Company"), hereby appoint:-

Name _____
Address _____
NRIC/Passport Number _____
Proportion of Shareholdings _____

and/or (delete as appropriate)

Name _____
Address _____
NRIC/Passport Number _____
Proportion of Shareholdings _____

as my/our* proxy/proxies* to vote for me/us* on my/our* behalf, at the Thirteenth Annual General Meeting ("**AGM**") of the Company, to be held at The Oriental, Singapore, 5 Raffles Avenue, Marina Square, Singapore 039797 on Tuesday, January 30, 2007 at 2.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions as set out in the notice of the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies* will vote or abstain as he/they* may think fit, as he/they* will on any other matter arising at the AGM.

| No. | Resolutions | For | Against |
|-----|--|-----|---------|
| 1. | To receive the Directors' Report and the Audited Accounts for the year ended September 30, 2006. | | |
| 2. | To re-elect Mr Lal Chandra Singh as a Director. | | |
| 3. | To re-elect Mr Jeremy John Ord as a Director. | | |
| 4. | To re-elect Mr Josua Malherbe as a Director. | | |
| 5. | To re-appoint Mr Frank Yung-Cheng Yung as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50. | | |
| 6. | To approve additional Directors' fees for the financial year ended September 30, 2006. | | |
| 7. | To approve Directors' fees for the financial year from October 1, 2006 to September 30, 2007. | | |
| 8. | To approve the final and special dividends for the financial year ended September 30, 2006. | | |
| 9. | To re-appoint Messrs Deloitte & Touche as auditors and to authorise Directors to fix their remuneration. | | |
| 10. | To authorise Directors to issue shares and/or Instruments pursuant to Section 161 of the Companies Act, Chapter 50. | | |
| 11. | To authorise Directors to offer and grant options and to issue shares pursuant to the Datacraft Asia Share Option Scheme and the Datacraft Asia Share Scheme 2003. | | |
| 12. | To authorise Directors to issue shares pursuant to the Datacraft Scrip Dividend Scheme. | | |
| 13. | To authorise Directors to grant awards and to issue shares pursuant to the Datacraft Asia Performance Share Plan. | | |
| 14. | To renew the Share Purchase Mandate. | | |
| 15. | To renew the IPT Mandate. | | |

Dated this _____ day of _____ 2007

.....
Signature(s) of member(s)/Common Seal

Total Number of Shares

* Delete accordingly

Notes:-

1. Please insert the total number of ordinary shares in the capital of the Company ("Shares") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by you.
2. A member of the Company entitled to attend and vote at a Meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Temasek Boulevard, #26-01/05 Suntec Tower Four, Singapore 038986 not less than 48 hours before the time appointed for the AGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50.
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 appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies.
8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited of the Company.

Affix
postage
stamp

The Company Secretary
DATA CRAFT ASIA LTD
6 Temasek Boulevard
#26-01/05
Suntec Tower Four
Singapore 038986

HEADQUARTERS
Datacraft Asia Ltd
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#26-01/05
Suntec Tower Four
Singapore 038986
Tel : (65) 6322 6688
Fax : (65) 6323 7933

Datacraft Asia Ltd
3/F Citiplaza III
14 Taikoo Wan Road
Taikoo Shing, Hong Kong
Tel : (852) 2513 3168
Fax : (852) 2567 4268

SINGAPORE
Tel : (65) 6517 2000
Fax : (65) 6517 2001

HONG KONG
Tel : (852) 2513 3168
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CHINA
Beijing
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1106/1186
Fax : (86) 10 8525 1126

Shanghai
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Fax : (86) 21 5298 6001

Guangzhou
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Shenzhen
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Fax : (86) 755 8207 8513

Chengdu
Tel : (86) 28 8619 8315-6
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Hangzhou
Tel : (86) 571 8527 1271-3
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Mumbai
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Fax : (91) 22 2497 1818

Bangalore
Tel : (91) 80 2207 7000
Fax : (91) 80 2207 7111

New Delhi
Tel : (91) 11 2693 6800
Fax : (91) 11 2693 6801

Chennai
Tel : (91) 44 2815 1174/1175
Fax : (91) 44 2815 1173

Kolkata
Tel : (91) 33 2282 0041
Fax : (91) 33 2282 0040

Hyderabad
Tel : (91) 40 6666 7706
Fax : (91) 40 2340 8806

Pune
Tel : (91) 9520 2553 9141
Fax : (91) 9520 2553 0874

TAIWAN
Tel : (886) 2 2171 3333
Fax : (886) 2 2171 3399

INDONESIA
Tel : (62) 21 835 6422
Fax : (62) 21 835 6423

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Fax : (632) 750 6890

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Hanoi
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Fax : (84) 4 943 5730

Ho Chi Minh City
Tel : (84) 8 823 6750
Fax : (84) 8 825 7848

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Daejun
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Fax : (82) 42 487 4273

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Fax : (64) 9 356 5698

Wellington
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DATA-CRAFT SUBSIDIARY
Training Partners Pte Ltd
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