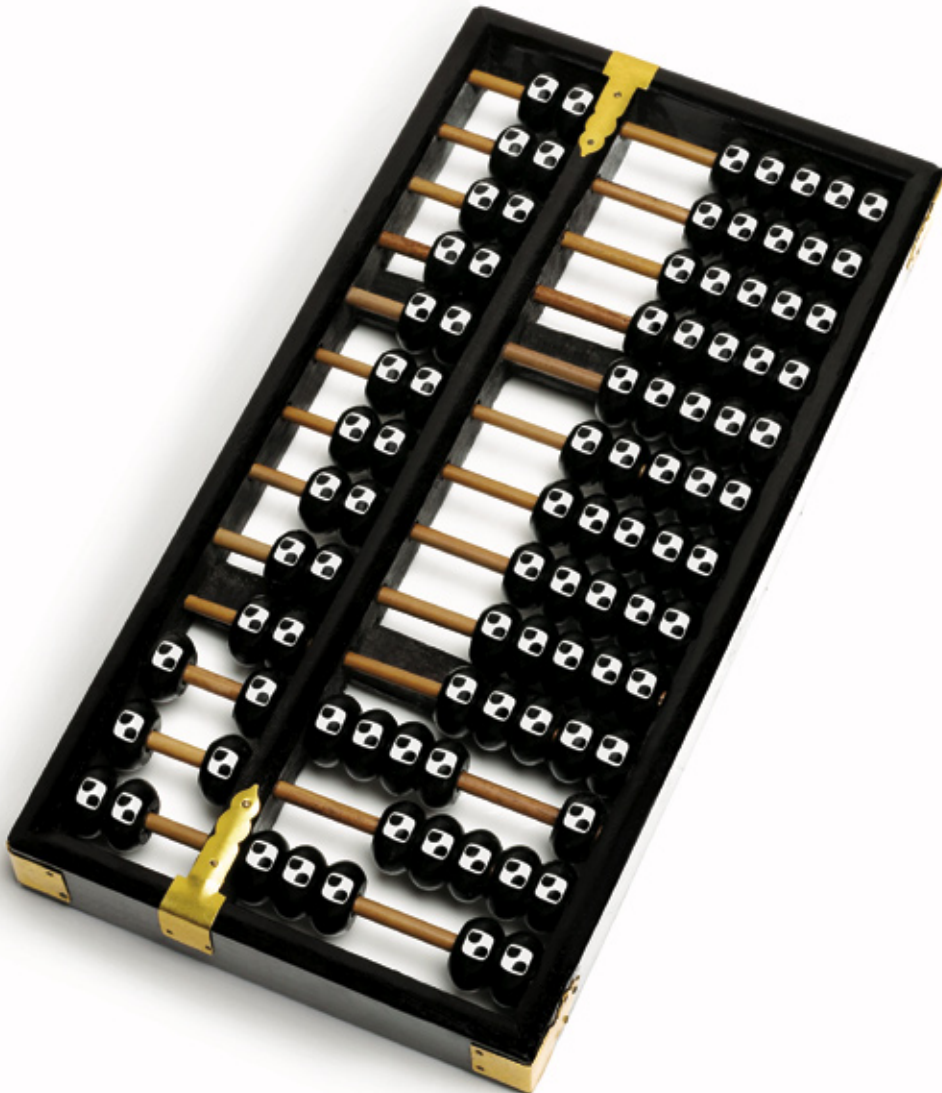


financial statements



Report of the Directors

The directors present their report together with the audited financial statements of the Company and of the Group for the financial year ended September 30, 2005.

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, Ronald John Cattell, Patrick Keith Quarmby and Philip Chu Yan-Jy retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. Patrick Keith Quarmby, a non-executive and non-independent director, when re-elected, will remain as Chairman of the Board of Directors and a member of the Audit Committee.

In accordance with Section 153(6) of the Singapore Companies Act, Chapter 50, Frank Yung-Cheng Yung retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. Frank Yung-Cheng Yung, an independent director, when re-elected, will remain as Chairman of the Audit Committee.

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.

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 Singapore Companies Act, Chapter 50 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	29,067	29,067
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	200,000	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
William Bruce Grahame Padfield	–	50,000
Jeremy John Ord	–	600,000
Brett William Dawson	–	600,000
Stephen Michael Joubert	–	400,000
The ultimate holding company - Dimension Data Holdings plc	Shares of US1 cent each under Share Appreciation Rights Scheme	
Patrick Keith Quarmby	–	300,000
William Bruce Grahame Padfield	–	50,000
Jeremy John Ord	–	600,000
Brett William Dawson	–	600,000
Stephen Michael Joubert	–	400,000

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 of S\$0.05 (2004 : S\$0.10) each	
Ronald John Cattell	404,072	404,072
Ronald John Cattell - deemed	1,410,157	1,009,075
Frank Yung-Cheng Yung	50,000	30,000
Frank Yung-Cheng Yung - deemed	53,204	53,204
Seet Ai Mee	37,000	38,000
William Bruce Grahame Padfield	110,000	110,000
	Options to acquire ordinary shares of S\$0.05 (2004 : S\$0.10) each 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	1,500,000	1,250,000
Frank Yung-Cheng Yung	440,000	390,000
Seet Ai Mee	313,000	275,000
	Options to acquire ordinary shares of S\$0.05 (2004 : S\$0.10) each under the Datacraft Asia Share Option Scheme 2003 ("Scheme 2003")	
William Bruce Grahame Padfield	520,000	1,120,000
Philip Chu Yan-Jy	100,000	280,000
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, 2005.

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 Singapore Companies Act, Chapter 50 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.

5 Datacraft Asia Share Option Schemes

- a) 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 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.

The rules of Scheme 2003 are largely the same as those of the Previous Scheme, except for the following principal modifications:

- (i) under the Previous Scheme, the Committee administering the scheme 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 interim and final results, and ending on the fifth market day after such results are announced. Under Scheme 2003, 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; and
- (ii) under the Previous Scheme, it was up to the discretion of the Committee to decide the maximum entitlement for the non-executive directors. Under Scheme 2003, 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.

During the financial year,

- (i) options were granted pursuant to Scheme 2003 in respect of 7,200,000 unissued shares of S\$0.05 each in the Company and no ordinary shares were issued by virtue of the exercise of options under Scheme 2003; and
- (ii) 1,184,000 ordinary shares were issued by virtue of the exercise of options pursuant to the Previous Scheme which has been terminated as described above.

The subscription price for shares of the Company ("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, there is no requirement to recognise and measure the costs of share options. Accordingly, no such costs were recognised in the Company's books.

The Company believes that the terms of both schemes 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.

5 Datacraft Asia Share Option Schemes (cont'd)

The details of the share options of the directors under the Previous Scheme and Scheme 2003 are as follows:

Name of directors	Options granted during the financial year	Aggregate options granted since commencement to September 30, 2005	Aggregate options exercised since commencement to September 30, 2005	Aggregate options cancelled as at September 30, 2005	Aggregate options outstanding as at September 30, 2005
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	150,000	390,000
Seet Ai Mee	–	540,000	75,000	190,000	275,000

Scheme 2003

William Bruce Grahame Padfield	600,000	1,120,000	–	–	1,120,000
Philip Chu Yan-Jy	180,000	280,000	–	–	280,000
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

- b) Pursuant to the Previous Scheme and Scheme 2003, 2,912,000 and 1,754,000 options were cancelled, resulting in a balance of 14,991,000 and 11,884,000 options outstanding respectively at September 30, 2005 as follows:

Number of Share Options

Date of grant	Balance at October 1, 2004/ date of grant	Exercised	Cancelled	Balance at September 30, 2005	Subscription price US\$	Expiry date*
Previous Scheme						
January 28, 1999	500,000	–	–	500,000	1.77	January 28, 2009
September 3, 1999	605,000	–	117,000	488,000	3.92	September 3, 2009
March 3, 2000	15,000	–	–	15,000	8.13	March 3, 2010
April 10, 2000	145,000	–	118,000	27,000	8.08	April 10, 2010
August 28, 2000	313,000	–	122,000	191,000	7.88	August 28, 2010
December 5, 2000	18,000	–	–	18,000	6.20	December 5, 2010
February 13, 2001	289,000	–	131,000	158,000	5.88	February 13, 2011
April 12, 2001	299,000	–	80,000	219,000	3.95	April 12, 2011
June 29, 2001	1,613,000	–	403,000	1,210,000	4.10	June 29, 2011
January 25, 2002	7,333,000	–	1,307,000	6,026,000	2.18	January 25, 2012
November 28, 2002	7,957,000	1,184,000	634,000	6,139,000	0.725	November 28, 2012
	19,087,000	1,184,000	2,912,000	14,991,000		
Scheme 2003						
December 29, 2003	6,438,000	–	836,000	5,602,000	1.147	December 29, 2013
November 23, 2004	7,200,000	–	918,000	6,282,000	0.835	November 23, 2014
	13,638,000	–	1,754,000	11,884,000		

* The option period for options granted on or after January 28, 1999 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.

5 Datacraft Asia Share Option Schemes (cont'd)

- c) The main terms of the Previous Scheme and Scheme 2003 are as follows:
- (i) The aggregate number of Shares that may be issued shall not exceed 15% of the issued share capital of the Company from time to time.
 - (ii) The options may be exercised in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.
 - (iii) 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.
 - (iv) 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.
 - (v) The options, to the extent unexercised, shall unless the 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.
- d) The members of the Committee administering the Previous Scheme and Scheme 2003 are:
- (i) Patrick Keith Quarmby
 - (ii) Frank Yung-Cheng Yung
 - (iii) Seet Ai Mee
 - (iv) Ronald John Cattell
- e) 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, except for William Bruce Grahame Padfield who has received 8.3% of the total number of options granted under Scheme 2003 during the financial year;
 - (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 above.

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.

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 Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by 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 Audit Committee meets with the external and internal auditors, without the presence of Management, at least once a year.

The Audit Committee reviews the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually. It has undertaken a review of all non-audit services provided by the auditors and was of the opinion that the provision of such services would not affect the independence of the auditors.

The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing and authority within the Company.

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

During the financial year ended September 30, 2005, the Company has complied with the Best Practices Guide on dealings in securities issued by the SGX-ST.

The Audit Committee reviewed the following, where relevant, with the executive directors, the external auditors, Deloitte & Touche, and the internal auditors, PricewaterhouseCoopers Singapore:

- the external audit plans and results of their examination and evaluation of the Group's system of internal accounting controls;
- the Group's financial and operating results and accounting policies;
- the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board and the external auditors' report on those financial statements;

9 Audit Committee (cont'd)

- the co-operation given by the Management to the external and internal auditors;
- the scope and results of the internal audit procedures;
- the appointments of the external and internal auditors of the Company;
- the effectiveness of the Company's material internal controls; and
- the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action.

The Audit Committee has full access to and co-operation 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 25, 2005

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, 2005 set out on pages 56 to 91. 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, Chapter 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, 2005 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 then ended; 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.

Certified Public Accountants

Prakash Ambelal Desai
Partner

Singapore
November 25, 2005

Balance Sheets

September 30, 2005

	Note	The Group		The Company	
		2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
ASSETS					
Current assets:					
Cash and cash equivalents	28	113,635	112,227	2,300	4,401
Short term investments	6	79	84	–	–
Trade receivables	7	92,478	81,550	50,326	33,452
Other receivables and prepayments	8	40,269	34,960	2,992	197
Inventories	9	15,690	16,248	–	–
Total current assets		262,151	245,069	55,618	38,050
Non-current assets:					
Investment in associates	10	–	8	–	–
Investment in subsidiaries	11	–	–	104,847	209,332
Plant and equipment	12	14,711	16,138	2,015	2,552
Deferred expenditure	13	–	84	–	–
Goodwill	14	648	–	–	–
Deferred tax assets	15	2,368	3,698	–	–
Long term investments	16	1,080	1,097	–	–
Total non-current assets		18,807	21,025	106,862	211,884
Total assets		280,958	266,094	162,480	249,934
LIABILITIES AND EQUITY					
Current liabilities:					
Trade and other payables	17	94,349	83,835	17,120	16,689
Income tax payable		7,282	5,169	2,954	1,751
Provisions	18	1,251	1,234	141	141
Current portion of finance leases	19	19	7	–	–
Total current liabilities		102,901	90,245	20,215	18,581
Non-current liabilities:					
Finance leases	19	23	15	–	–
Deferred tax liabilities	15	1,163	1,480	450	888
Total non-current liabilities		1,186	1,495	450	888
Minority interests		965	882	–	–
Capital and reserves:					
Issued capital	20	14,080	27,983	14,080	27,983
Reserves		161,826	145,489	127,735	202,482
Total equity		175,906	173,472	141,815	230,465
Total liabilities and equity		280,958	266,094	162,480	249,934

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Year ended September 30, 2005

	Note	The Group	
		2005 US\$'000	2004 US\$'000
Revenue	21	455,977	362,280
Cost of sales		(378,183)	(303,761)
Gross profit		77,794	58,519
Add: Other operating income	22	3,944	2,574
Less: Other expenses:			
Distribution and Sales		(41,039)	(33,460)
Administrative		(20,661)	(18,547)
Amortisation of goodwill (net)		–	(3,667)
Profit from operating activities		20,038	5,419
Finance costs	23	(102)	(107)
Exceptional items	24	–	(13,447)
Profit (Loss) before income tax	25	19,936	(8,135)
Income tax	26	(7,838)	(4,205)
Profit (Loss) after income tax		12,098	(12,340)
Minority interests		68	449
Profit (Loss) attributable to the shareholders of the Company		12,166	(11,891)
Earnings (Loss) per ordinary share of S\$0.05 (2004 : S\$0.10) each		US Cents	US Cents
Basic	27	2.61	(2.55)
Fully diluted	27	2.59	(2.55)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended September 30, 2005

	<----- Reserves ----->									
	Issued capital US\$'000	Share premium US\$'000	Statutory reserve US\$'000	Special reserve US\$'000	Exchange		Goodwill on consolidation US\$'000	Accumulated profits US\$'000	Sub-total US\$'000	Total US\$'000
					difference reserve US\$'000	US\$'000				
The Group										
Balance at October 1, 2003	27,898	247,539	271	-	(8,756)	(151,746)	69,677	156,985	184,883	
Translation differences arising during the financial year	-	-	32	-	(597)	-	-	(565)	(565)	
Capital reduction	-	(43,634)	-	17,301	-	-	26,333	-	-	
Transfer from special reserve to accumulated profits	-	-	-	(17,301)	-	-	17,301	-	-	
Net loss for the financial year	-	-	-	-	-	-	(11,891)	(11,891)	(11,891)	
Issue of shares	85	960	-	-	-	-	-	960	1,045	
Balance at September 30, 2004	27,983	204,865	303	-	(9,353)	(151,746)	101,420	145,489	173,472	
Translation differences arising during the financial year	-	-	6	-	3,378	-	-	3,384	3,384	
Capital reduction (Note 20)	(13,975)	-	-	-	-	-	-	-	(13,975)	
Net profit for the financial year	-	-	-	-	-	-	12,166	12,166	12,166	
Issue of shares	72	787	-	-	-	-	-	787	859	
Balance at September 30, 2005	14,080	205,652	309	-	(5,975)	(151,746)	113,586	161,826	175,906	

See accompanying notes to financial statements.

Statements of Changes in Equity (cont'd)

	<----- Reserves ----->						
	Issued capital US\$'000	Share premium US\$'000	Special reserve US\$'000	Exchange difference reserve US\$'000	Accumulated losses US\$'000	Sub-total US\$'000	Total US\$'000
The Company							
Balance at October 1, 2003	27,898	247,539	-	(1,646)	(26,333)	219,560	247,458
Translation differences arising during the financial year	-	-	-	189	-	189	189
Capital reduction	-	(43,634)	17,301	-	26,333	-	-
Transfer from special reserve to accumulated losses	-	-	(17,301)	-	17,301	-	-
Net loss for the financial year	-	-	-	-	(18,227)	(18,227)	(18,227)
Issue of shares	85	960	-	-	-	960	1,045
Balance at September 30, 2004	27,983	204,865	-	(1,457)	(926)	202,482	230,465
Translation differences arising during the financial year	-	-	-	1,282	-	1,282	1,282
Capital reduction (Note 20)	(13,975)	-	-	-	-	-	(13,975)
Net loss for the financial year ⁽¹⁾	-	-	-	-	(76,816)	(76,816)	(76,816)
Issue of shares	72	787	-	-	-	787	859
Balance at September 30, 2005	14,080	205,652	-	(175)	(77,742)	127,735	141,815

⁽¹⁾ Loss for the financial year includes impairment in investment in subsidiaries amounting to US\$85,518,000 (2004 : US\$17,057,000).

Exchange difference reserve at end of financial year represents the exchange differences arising on translation of long-term monetary items, that, in substance, form part of the Company's net investment in foreign entities.

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended September 30, 2005

	Note	2005 US\$'000	2004 US\$'000
Cash flows from operating activities:			
Profit (Loss) before income tax		19,936	(8,135)
Adjustments for:			
Allowance for inventories		1,717	2,075
Amortisation of deferred expenditure		88	85
Amortisation of goodwill		–	3,697
Depreciation		7,524	7,578
Impairment in value of assets of subsidiaries	24	–	13,447
Interest expense		102	107
Interest income		(1,891)	(1,022)
(Gain) Loss on disposal of plant and equipment		(11)	133
Release of negative goodwill		–	(30)
Allowance for doubtful trade receivables		2,301	3,226
Provision for restructuring and employees' benefits		178	358
Reversal of deferred purchase consideration		–	(154)
Gain on disposal of short term investment		–	(275)
Write-off of investment in associate		8	–
Operating profit before working capital changes		29,952	21,090
Inventories		(761)	(5,283)
Trade and other receivables		(15,864)	18,581
Trade and other payables		8,854	7,854
Cash generated from operations		22,181	42,242
Interest paid		(102)	(107)
Interest received		1,891	1,022
Income tax paid		(4,785)	(4,097)
Restructuring and employees' benefits utilised		(160)	(85)
Net cash from operating activities		19,025	38,975
Cash flows from investing activities:			
Proceed from disposal of short term investment		–	438
Proceed from disposal of plant and equipment		11	59
Purchase of plant and equipment (Note A)		(5,854)	(6,792)
Payment for deferred purchase consideration		–	(963)
Cash outflow on acquisition of new business (Note B)		(786)	–
Net cash used in investing activities		(6,629)	(7,258)
Cash flows from financing activities:			
Net proceeds from issue of shares		859	1,045
Repayment of bank loans		–	(3,655)
Payment of finance leases		(14)	(7)
Fixed deposits pledged as security	28	(1,204)	–
Cash distribution to shareholders	20	(13,975)	–
Net cash used in financing activities		(14,334)	(2,617)
Net effect of exchange rate changes in consolidating subsidiaries			
		2,142	(668)
Net increase in cash and cash equivalents		204	28,432
Cash and cash equivalents at beginning of financial year		112,227	83,795
Cash and cash equivalents at end of financial year	28	112,431	112,227

Consolidated Cash Flow Statement (cont'd)**Note**

A) During the financial year, the Group acquired plant and equipment with an aggregate cost of US\$5,888,000 (2004 : US\$6,792,000) of which US\$34,000 (2004 : US\$30,000) were acquired by means of finance lease agreements. Cash payments of US\$5,854,000 (2004 : US\$6,762,000) were made to purchase the plant and equipment.

B) **Acquisition of new business**

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

	2005 US\$'000	2004 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, 2005

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 Shenton Way, #24-11, DBS Building Tower Two, Singapore 068809. The Company is listed on the Singapore Exchange Securities Trading Limited. The measurement currency of the Company is United States dollars as it reflects the economic substance of the underlying events and circumstances relevant to the Company.

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 financial statements of the Company and of the Group for the year ended September 30, 2005 were authorised for issue by the Board of Directors on November 25, 2005.

2 Summary of Significant Accounting Policies

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

With effect from October 1, 2004, the Group adopted the requirements of FRS 103 Business Combinations. The option of limited retrospective application of the accounting standard has not been taken up, thus avoiding the need to restate past business combinations. The first transaction to which the new accounting standard has been applied is the acquisition of the business from Advanced Technology Partners Limited in October 2004 (Note 14).

After initial recognition, FRS 103 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Under FRS 36 Impairment of Assets (as revised in 2004), impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. FRS 103 prohibits the amortisation of goodwill. Previously, under FRS 22, the Group carried goodwill in its balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation was charged over the estimated useful life of 7 years.

In accordance with the transitional provisions of FRS 103, the Group has applied the revised accounting policy for goodwill prospectively from October 1, 2004, to goodwill acquired in business combinations. Therefore, from October 1, 2004, the Group has discontinued amortising such goodwill and has tested the goodwill for impairment in accordance with FRS 36. At October 1, 2004, the accumulated amortisation as at September 30, 2004 of US\$15,153,000 has been eliminated, with a corresponding decrease in the gross carrying amount of goodwill leaving the net carrying amount of goodwill unchanged (Note 14).

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for the prior financial years.

No amortisation has been charged in 2005. The charge in 2004 was US\$3,697,000.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to September 30 each year. The accounting year ends of the subsidiaries are co-terminous with that of the Company. Control is achieved when the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority’s proportion of the fair values of the assets and liabilities recognised. The results of subsidiaries acquired or disposed of during the financial 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. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group. All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation.

2 Summary of Significant Accounting Policies (cont'd)

Basis of Consolidation (cont'd)

In the Company's financial statements, investments in unquoted equity shares of 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.

FINANCIAL ASSETS – Financial assets include cash and cash equivalents, trade receivables, other receivables and other investments. Trade and other receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. The accounting policy for other investments is outlined below.

FINANCIAL LIABILITIES AND EQUITY – Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables, finance lease obligations and liabilities arising from deferred purchase consideration. Trade and other payables are stated at their nominal values. The accounting policy adopted for finance lease obligations is outlined below. Liabilities arising from deferred purchase consideration are recorded at their nominal values under the sale and purchase agreements and are subject to variations based on the future performance of the subsidiary. Equity instruments are recorded at the fair value of the consideration received, net of direct issue costs. Dividends on ordinary shares are recognised in shareholders' equity in the period in which they are declared. Share options are recorded when exercised and the exercise price is allocated between issued capital and share premium accordingly.

INVESTMENTS – Investments held for short-term are stated at the lower of cost or market value determined on a portfolio basis. Long-term investments are stated at cost less any impairment loss where the recoverable amount of the investment is estimated to be lower than its carrying amount.

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.

ASSOCIATES – An associate is an enterprise over which the Group exercises significant influence, through participation in the financial and operating policy decisions of the investee. The equity method of accounting is not used because the effect on the consolidated financial statements is immaterial. The carrying amount of such investments is reduced to recognise any decline in the net recoverable value of individual investments. Where a Group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

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%

2 Summary of Significant Accounting Policies (cont'd)

Plant and Equipment (cont'd)

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.

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 SAS 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 and intangible assets, excluding goodwill, 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.

2 Summary of Significant Accounting Policies (cont'd)

PROVISIONS – Provisions are recognised when the Company and the Group have a present obligation as a result of a past event where 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.

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.

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.

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 customer 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 (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.

INCOME TAX – Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of realisation in the foreseeable future.

2 Summary of Significant Accounting Policies (cont'd)

Income Tax (cont'd)

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss statement. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS – Transactions arising in currencies other than United States dollars are converted into the United States dollars at rates of exchange approximating those ruling at transaction dates. Recorded monetary items in currencies other than United States dollars at the balance sheet date are converted into United States dollars at rates of exchange approximating to those ruling at the balance sheet date. Foreign exchange adjustment differences are taken up in the profit and loss statement except that foreign exchange adjustment differences arising on long-term monetary items that, in substance, form part of the Group's net investment in foreign entities are adjusted against shareholders' equity.

For the purpose of consolidation in United States dollars:

- (i) the assets and liabilities, monetary and non-monetary, of the foreign subsidiaries are translated into United States dollars at the exchange rate prevailing at the balance sheet date;
- (ii) the results of foreign subsidiaries are translated into United States dollars using average rate for the year; and
- (iii) all foreign exchange adjustments arising on the above translation into United States dollars are taken directly to shareholders' equity.

CASH – Cash for the cash flow statement includes cash and cash equivalents.

3 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.

3 Financial Risks and Management (cont'd)

(iii) Credit risk

In its management of credit risk, the Group sets policies to ensure that sales transactions are made to customers with an appropriate credit history or assessment. The Group has no significant concentration of credit risk with any single or group of customers although its trade receivables in Greater China, ASEAN and East Asia represented 31%, 41% and 19% (2004 : 37%, 33% and 24% respectively) of the total trade receivables respectively as at September 30, 2005.

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 payables, provisions and other liabilities and amounts payable approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Except for a balance of US\$19,040,000 which has been fully impaired (Note 11), it is not practicable with the constraint of cost to reliably determine the fair value of non-current portion of amount due from subsidiaries.

The aggregate value of forward foreign exchange contracts outstanding at the end of the financial year is disclosed in Note 29 and the contracts generally expire within a year.

4 Holding Company and Related Company Transactions

The Company is a subsidiary of Dimension Data International Limited, incorporated in Malta, which is 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, without fixed repayment terms and interest unless stated otherwise.

Significant related company transactions:

	The Group	
	2005	2004
	US\$'000	US\$'000
Purchase of goods from related companies	9,048	5,847
Purchase of services from related companies	234	–
Sales of services to related companies	(816)	(605)
Service expense to related companies	2,023	1,676

5 Related Party Transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

In 2004, related party relationship was with a company in Indonesia, whose directors were employees of one of the Company's subsidiaries.

Significant related party transactions:

	The Group	
	2005	2004
	US\$'000	US\$'000
Purchase of goods from a related party	–	1,190
Sales of goods to a related party	–	(6,089)
Sales of services to a related party	–	(1,260)

6 Short Term Investments

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
At cost:				
Quoted equity shares	79	84	–	–
At market value:				
Quoted equity shares	79	84	–	–

7 Trade Receivables

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	132,573	119,387	–	–
Subsidiaries	–	–	55,744	38,544
	132,573	119,387	55,744	38,544
Less: Allowance for doubtful trade receivables				
- Outside parties	(40,095)	(37,837)	–	–
- Subsidiaries	–	–	(5,418)	(5,092)
Net	92,478	81,550	50,326	33,452

8 Other Receivables and Prepayments

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Amount due from a subsidiary – non-trade (Note 11)	–	–	2,380	–
Prepaid maintenance costs	9,203	8,553	–	–
Deposits	5,813	5,603	86	80
Tax recoverables	3,917	3,066	–	–
Other prepayments	7,913	6,689	364	68
Other receivables	13,423	11,049	162	49
	40,269	34,960	2,992	197

9 Inventories

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Inventories carried at cost	15,447	15,509	–	–
Inventories carried at net realisable value	243	739	–	–
Total	15,690	16,248	–	–

10 Investment in Associates

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Unquoted equity shares, at cost	–	8	–	–

The associates are:

Name of associate	Principal activities	Country of incorporation/ Place of business	Group's effective interest	
			2005	2004
			%	%
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	
	2005	2004
	US\$'000	US\$'000
Unquoted equity shares, at cost	148,221	141,867
Pre-acquisition dividend from unquoted equity investment in a subsidiary	(77)	(77)
	148,144	141,790
Impairment loss	(80,049)	(65,021)
	68,095	76,769
Amount due from subsidiaries - non-trade	112,394	135,335
Less: Current portion (Note 8)	(2,380)	–
Non current portion	110,014	135,335
Impairment loss	(73,262)	(2,772)
	36,752	132,563
Net investment in subsidiaries	104,847	209,332

As at September 30, 2005, the Company reviewed the net investment in two subsidiaries operating in Japan and the People's Republic of China and made a provision for impairment of US\$59,459,000 and US\$26,090,000 respectively as there is uncertainty as to whether the businesses in these two markets would return to profitability in the near future.

The amounts due from subsidiaries are unsecured, bear no interest and are not expected to be repaid within 12 months, except for US\$2,380,000 being the current portion of an amount of US\$21,420,000 which is repayable in equal semi-annual instalments of US\$1,190,000 through September 15, 2014.

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	
				2005	2004	2005	2004
				US\$'000	US\$'000	%	%
Beijing Datacraft Development Network Ltd ⁽²⁾ [Shares held by Datacraft China/Hong Kong Limited]	Designing, marketing and selling communication products and systems and provision of maintenance and installation services	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

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	
				2005	2004	2005	2004
				US\$'000	US\$'000	%	%
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	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 Scheme	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 (2004 : HK\$10,000)	8,070	70	100	100
Datacraft Communications Systems Inc. ⁽²⁾	As above	Philippines	Ordinary Peso 5.2 million	2,219	168	100	100
Datacraft Company Ltd ⁽⁴⁾	Sale and servicing of data communication systems	Malaysia	Ordinary US\$10,000	10	10	100	100

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	
				2005	2004	2005	2004
				US\$'000	US\$'000	%	%
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 76.61 million (2004 : Indian Rupee 86 million)	30,141	33,838	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
Datacraft Korea Inc. ⁽²⁾	Sale and servicing of data communication systems	Korea	Ordinary Won 10.68 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

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	
				2005	2004	2005	2004
				US\$'000	US\$'000	%	%
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	100	100
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

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	
				2005	2004	2005	2004
				US\$'000	US\$'000	%	%
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⁾	Provision of internet and intranet consultancy services	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
Netcorp Systems (S) Pte Ltd ⁽¹⁾	Sale of data communication systems	Singapore	Ordinary S\$200,000	2,243	2,243	100	100
PlaNET Solutions (International) Ltd ⁽⁴⁾	Computer systems consultants	Malaysia	Ordinary S\$18,300	6	6	60	60

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	
				2005 US\$'000	2004 US\$'000	2005 %	2004 %
PlaNET Solutions (M) Sdn Bhd ⁽²⁾ [Shares held by PlaNET Technology Solutions Pte Ltd]	Computer systems consultants	Malaysia	Ordinary RM2	–	–	60	60
PlaNET Technology Solutions Pte Ltd ⁽¹⁾	As above	Singapore	Ordinary S\$800,000	7,328	7,328	60	60
P.T. 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⁾	Provision of training	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	–	–	100	100
Training Partners Pte Ltd ⁽¹⁾	Provision of training	Singapore	Ordinary S\$50,000	33	33	100	100

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	
				2005	2004	2005	2004
				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
				148,221	141,867		

(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 for year ended September 30, 2005 and Ex-cel Co., Ltd in Thailand for the year ended September 30, 2004.

(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.

12 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 beginning of financial year	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 end of financial year	465	56,760	14,822	72,047
Accumulated depreciation:				
At beginning of financial year	334	41,109	9,601	51,044
Exchange rate realignment	–	72	280	352
Charge for the financial year	33	5,826	1,665	7,524
Disposals	(34)	(839)	(711)	(1,584)
At end of financial year	333	46,168	10,835	57,336
Depreciation for last financial year	35	5,909	1,634	7,578
Net book value at beginning of financial year	165	11,786	4,187	16,138
Net book value at end of financial year	132	10,592	3,987	14,711
The Company				
Cost:				
At beginning of financial year	129	266	12,237	12,632
Additions	–	33	605	638
At end of financial year	129	299	12,842	13,270
Accumulated depreciation:				
At beginning of financial year	36	228	9,816	10,080
Charge for the financial year	14	39	1,122	1,175
At end of financial year	50	267	10,938	11,255
Depreciation for last financial year	14	41	1,464	1,519
Net book value at beginning of financial year	93	38	2,421	2,552
Net book value at end of financial year	79	32	1,904	2,015

Certain items of the Group with a total net book value of US\$40,000 (2004 : US\$22,000) are under finance lease agreements (Note 19).

13 Deferred Expenditure

	The Group	
	2005 US\$'000	2004 US\$'000
Deferred expenditure on the use of office infrastructure, customer database and support network		
Balance at beginning of financial year	84	192
Exchange rate realignment	4	(23)
Less: Amortisation	(88)	(85)
Balance at end of financial year	–	84

This represents payment made to a former minority shareholder of a subsidiary for the use of their office infrastructure, customer database and support network to be amortised over the period of the agreement of 10 years.

14 Goodwill

	The Group US\$'000
Cost:	
At beginning of financial year	27,894
Elimination of amortisation accumulated prior to the adoption of FRS 103	(15,153)
Arising on acquisition of a subsidiary	648
At end of financial year	13,389
Accumulated amortisation:	
At beginning of financial year	15,153
Elimination of amortisation accumulated prior to the adoption of FRS 103	(15,153)
At end of financial year	–
Impairment:	
At beginning and end of financial year	12,741
Amortisation for last financial year	3,697
Carrying amount:	
At end of financial year	648
At beginning of financial year	–

The goodwill of US\$648,000 arose on the acquisition of the business from Advance 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%. The rate used to discount the forecast cash flows from the ATP business is 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 (Note 24).

15 Deferred Income Tax

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Deferred tax assets	2,368	3,698	–	–
Deferred tax liabilities	1,163	1,480	450	888

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

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of financial year	3,698	4,123	–	–
Exchange rate realignment	214	152	–	–
Charge to profit and loss statement	(1,544)	(577)	–	–
At end of financial year	2,368	3,698	–	–

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

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of financial year	1,480	1,644	888	1,219
Exchange rate realignment	13	(2)	–	–
Credit to profit and loss statement	(330)	(162)	(438)	(331)
At end of financial year	1,163	1,480	450	888

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	Accelerated accounting depreciation	Provisions	Unrealised foreign exchange differences	Other temporary differences	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group						
At beginning of financial year	1,959	189	1,623	375	(448)	3,698
Exchange rate realignment	145	(12)	137	3	(59)	214
(Charge) Credit to profit and loss statement	(1,592)	519	(209)	(213)	(49)	(1,544)
At end of financial year	512	696	1,551	165	(556)	2,368

15 Deferred Income Tax (cont'd)**Deferred tax liabilities**

	Accelerated tax depreciation	Other temporary differences	Total
	US\$'000	US\$'000	US\$'000
The Group			
At beginning of financial year	771	709	1,480
Exchange rate realignment	16	(3)	13
Charge (Credit) to profit and loss statement	95	(425)	(330)
At end of financial year	882	281	1,163

The Company

At beginning of financial year	317	571	888
Charge (Credit) to profit and loss statement	13	(451)	(438)
At end of financial year	330	120	450

No deferred tax asset has been recognised in respect of tax losses totalling to US\$45,887,000 (2004 : US\$48,364,000) 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 and Company has tax loss carryforwards available for offsetting against future taxable income as follows:

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Amount at beginning of year	48,364	63,329	–	1,141
Adjustments for prior year	(1,437)	(21,376)	–	(1,141)
Amount in current year	3,838	6,464	–	–
Amount utilised in current year	(4,878)	(53)	–	–
Amount at end of year	45,887	48,364	–	–
Deferred tax benefit on above unrecorded	10,409	9,285	–	–

16 Long Term Investments

Long-term investments represent the surrender value of life insurance policies undertaken by one of the subsidiaries for its ex-employees with the beneficiary being the subsidiary.

17 Trade and Other Payables

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	53,177	49,456	–	–
Accruals	39,398	34,223	4,883	4,892
Deferred purchased consideration	271	–	–	–
Due to related companies - trade	–	–	11,822	11,784
Due to related companies – non-trade	1,503	156	415	13
	94,349	83,835	17,120	16,689

18 Provisions

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Restructuring (a)	58	78	19	19
Employees' benefits (b)	1,193	1,156	122	122
	1,251	1,234	141	141

a)	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Movements in restructuring provision:				
Balance at beginning of financial year	78	91	19	19
Exchange rate realignment	(1)	–	–	–
Charge to profit and loss statement	24	–	–	–
Utilised	(43)	(13)	–	–
Balance at end of financial year	58	78	19	19

The above restructuring provision of the Group and the Company is expected to be utilised within the next financial year.

b) Movements in employees' benefits provision:

	The Group		The Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at beginning of financial year	1,156	873	122	38
Exchange rate realignment	–	(3)	–	–
Charge to profit and loss statement	154	358	–	122
Utilised	(117)	(72)	–	(38)
Balance at end of financial year	1,193	1,156	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	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
Amounts payable under finance leases:				
Within one year	25	10	19	7
In the second to fifth year inclusive	27	17	23	15
	52	27	42	22
Less: Future finance charges	(10)	(5)	NA	NA
Present value of lease obligations	42	22	42	22
Less: Amount due for settlement within twelve months			(19)	(7)
Amount due for settlement after twelve months			23	15

The rate of interest for finance leases is about 17% (2004 : 14%) per annum.

20 Issued Capital

	The Group and Company				
	2005	2005	2004	2005	2004
	Number of ordinary shares S\$0.05 each	Number of ordinary shares S\$0.10 each	Number of ordinary shares S\$0.10 each	US\$'000	US\$'000
Authorised:					
At beginning of financial year	–	600,000,000	600,000,000	60,000	60,000
Capital reduction	600,000,000	(600,000,000)	–	(30,000)	–
Increase in authorised capital	600,000,000	–	–	30,000	–
At end of financial year	1,200,000,000	–	600,000,000	60,000	60,000

	The Group and Company				
	2005	2005	2004	2005	2004
	Number of ordinary shares S\$0.05 each	Number of ordinary shares S\$0.10 each	Number of ordinary shares S\$0.10 each	US\$'000	US\$'000
Issued and fully paid:					
At beginning of financial year	–	466,155,683	464,706,683	27,983	27,898
Issued shares of S\$0.10 each during the financial year	–	1,169,000	1,449,000	72	85
	–	467,324,683	466,155,683	28,055	27,983
Capital reduction	467,324,683	(467,324,683)	–	(13,975)	–
Issued shares of S\$0.05 each during the financial year	15,000	–	–	–	–
At end of financial year	467,339,683	–	466,155,683	14,080	27,983

During the financial year, the Company undertook a capital reduction exercise pursuant to Section 73(1) of the Singapore 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.

20 Issued Capital (cont'd)

Forthwith upon such reduction taking effect, pursuant to Article 50 of the Articles of Association of the Company, the authorised share capital of the Company was restored to its former capital of S\$60,000,000 divided into 1,200,000,000 ordinary shares of par value of S\$0.05 each by the creation of additional 600,000,000 ordinary shares of par value of S\$0.05 each.

As at September 30, 2005, there are options granted to certain employees of the Group and directors of the Company to take up unissued ordinary shares of S\$0.05 (2004 : S\$0.10) each in the Company under the Previous Scheme and Scheme 2003 totalling 14,991,000 (2004 : 19,087,000) and 11,884,000 (2004 : 6,438,000) respectively as described in paragraph 5 of the Report of the Directors.

During the financial year,

- (i) options were granted pursuant to Scheme 2003 in respect of 7,200,000 (2004 : 7,514,000) unissued shares of S\$0.05 (2004 : S\$0.10) each in the Company and no ordinary shares were issued by virtue of the exercise of options under this Scheme;
- (ii) 1,184,000 (2004 : 1,449,000) ordinary shares were issued by virtue of the exercise of options pursuant to the Previous Scheme which has been terminated as described in paragraph 5 of the Report of the Directors; and
- (iii) Pursuant to the Previous Scheme and Scheme 2003, 2,912,000 and 1,754,000 options were cancelled respectively.

21 Revenue

	The Group	
	2005 US\$'000	2004 US\$'000
Hardware product sales	296,406	225,166
Software product sales and services	159,571	137,114
	455,977	362,280

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.

22 Other Operating Income

	The Group	
	2005 US\$'000	2004 US\$'000
Interest income:		
Bank deposits	1,854	944
Others	37	78
Foreign exchange gain	1,292	385
Investment income	556	606
Gain on disposal of investments	–	275
Reversal of deferred purchase consideration	–	154
Others	205	132
	3,944	2,574

23 Finance Costs

	The Group	
	2005	2004
	US\$'000	US\$'000
Interest expense paid on:		
Bank loans	–	70
Others	102	37
	102	107

24 Exceptional Items

	The Group	
	2005	2004
	US\$'000	US\$'000
Impairment in value of assets of the Group	–	13,447

In 2004, impairment in value of assets of subsidiaries included impairment in goodwill amounting to US\$12,741,000 (Note 14).

25 Profit (Loss) Before Income Tax

	The Group	
	2005	2004
Number of persons employed on a full time basis at end of financial year	1,202	1,192

	The Group	
	2005	2004
	US\$'000	US\$'000
Remuneration of directors of the Company	1,818	1,605
Remuneration of directors of subsidiaries	2,727	2,704
Costs of defined contribution plans	2,846	2,598
Other staff costs (excluding remuneration of directors and costs of defined contribution plans)	55,969	51,809
Audit fees for auditors of the Company	296	311
Audit fees for other auditors	420	409
Fees payable for non-audit services rendered by:		
Auditors of the Company	117	117
Other auditors	658	445
Allowance for inventories	1,717	2,075
Foreign exchange gain	(1,292)	(385)

26 Income Tax

	The Group	
	2005	2004
	US\$'000	US\$'000
Current - Singapore	1,502	1,253
- Foreign	4,456	3,677
Deferred	1,439	649
Under (Over) provision in prior financial years:		
Current	666	(1,140)
Deferred	(225)	(234)
	7,838	4,205

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2004 : 20%) to profit (loss) before income tax as a result of the following differences:

	The Group	
	2005	2004
	US\$'000	US\$'000
Income tax benefit at statutory rate	3,987	(1,627)
Non-allowable items	2,090	5,480
Under (Over) provision in prior financial years	441	(1,374)
Non-taxable income	(448)	(458)
Tax on foreign sourced dividend income	554	693
Income subject to concessionary tax rate	(92)	(20)
Tax benefits not recognised	767	1,293
Tax benefits utilised previously not recognised	(976)	(94)
Tax rate differentials between Singapore and foreign countries	1,569	792
Other items	(54)	(480)
	7,838	4,205

The Company was granted the Operational Headquarters ("OHQ") status on July 1, 1994 for an initial period of 6 years with a renewed period of 5 years. The Company's OHQ status expired on June 30, 2005. The income from the qualifying OHQ activities was taxed at a concessionary rate of 10% up to June 30, 2005. The Company provided for tax at the statutory tax rate of 20% since July 1, 2005.

Subject to the satisfaction of the conditions for group relief, US\$414,000 (2004 : US\$304,000) 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\$83,000 (2004 : US\$61,000).

27 Earnings (Loss) per Ordinary Share

Basic earnings per ordinary share of 2.61 US cents (2004 : loss of 2.55 US cents) each is calculated on the Group's profit after income tax and minority interests of US\$12,166,000 (2004 : loss of US\$11,891,000) divided by the weighted average of 466,950,850 (2004 : 465,702,626) ordinary shares in issue during the financial year.

In 2005, fully diluted earnings per ordinary share is calculated based on the adjusted weighted average number of 469,725,970 ordinary shares, after adjusting for 2,775,120 potential dilutive shares in relation to share options outstanding during the year.

The options in 2004 were anti-dilutive as they had the effects of decreasing the loss per share. Therefore, basic and diluted loss per share were the same for 2004.

28 Cash and Cash Equivalents

	The Group		The Company	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
Cash and bank balances	100,369	101,747	2,300	4,401
Cash equivalents	13,266	10,480	–	–
	113,635	112,227	2,300	4,401
Less: Fixed deposits pledged as security for guarantee provided (Note 30)	(1,204)	–	–	–
	112,431	112,227	2,300	4,401

29 Commitments

	The Group	
	2005 US\$'000	2004 US\$'000
a) Capital expenditure commitments: Estimated amounts committed for future capital expenditure but not provided for in the financial statements	157	162
b) Operating rental commitments: Minimum rental payments paid under operating lease	7,433	6,697

The Group and the Company have commitments for non-cancellable operating leases of premises and assets. The minimum rental commitments are as follows:

	The Group		The Company	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
Payable within 1 year	6,020	6,153	240	385
Payable within 2 to 5 years inclusive	4,960	5,453	–	241
	10,980	11,606	240	626

29 Commitments (cont'd)

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

	The Group		The Company	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
Equivalent in United States Dollars	8,303	5,337	–	–
Fair value	85	42	–	–

30 Contingent Items

	The Group		The Company	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
Secured				
Performance guarantees (Note 28)	1,204	–	–	–
Unsecured				
Guarantees given by the Company to banks in connection with bank facilities provided to subsidiaries	–	–	43,165	36,790
Guarantee given by the Company to a financing company in connection with credit facilities provided to a subsidiary	–	–	4,000	4,000
Guarantee given by the Company to a leasing company in connection with leasing facilities provided to a subsidiary	–	–	2,373	2,330
Performance bond issued by the banks of the Company in favour of subsidiaries ⁽¹⁾	3,261	3,943	3,261	3,943
Bond given by a subsidiary to Commissioner of Customs	436	419	–	–
Performance guarantees	9,099	6,477	–	–
Letters of credit obtained on behalf of subsidiaries	–	–	–	1,900
Discounting with recourse	7,734	1,140	–	–

⁽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.

30 Contingent Items (cont'd)

As at September 30, 2004, 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 current financial year, the High Court of Singapore ruled in favor of the Company and its subsidiary and the case was dismissed. However, the plaintiffs have made an appeal to the Court of Appeal of Singapore. 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 legal counsels to resist, contest and dispute the plaintiffs' claims to the fullest extent possible in Singapore and Japan respectively. The Company has received legal advice that it has viable defences to the claims. The Company has instructed its legal counsels to defend the cases in line with the legal advice. The directors of the Company do not expect the aforementioned claims to have a significant financial effect on the consolidated financial statements.

During the 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 has also advised the Company that there is a strong probability of the Company being able to defend the claim. Accordingly, the directors are of the view that no provision is required for this tax exposure.

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	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	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	143,861	104,980	88,170	81,991	109,433	96,971	114,513	78,338	-	-	455,977	362,280
Inter-segment sales	15,629	10,723	162	152	-	-	-	-	(15,791)	(10,875)	-	-
Total revenue	159,490	115,703	88,332	82,143	109,433	96,971	114,513	78,338	(15,791)	(10,875)	455,977	362,280
RESULT												
Segment result	9,526	5,120	1,533	(282)	(2,135)	(4,005)	9,223	7,231	-	-	18,147	8,064
Interest income											1,891	1,022
Profit from operating activities											20,038	9,086
Amortisation of goodwill (net)											-	(3,667)
Finance costs											(102)	(107)
Exceptional items											-	(13,447)
Profit (Loss) before income tax											19,936	(8,135)
Income tax											(7,838)	(4,205)
Profit (Loss) after income tax											12,098	(12,340)
Minority interests											68	449
Profit (Loss) attributable to the shareholders of the Company											12,166	(11,891)

31 Geographical and Business Segments Information (cont'd)

	ASEAN		Greater China		East Asia		India and New Zealand		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
OTHER INFORMATION												
Segment assets	99,978	89,622	86,353	76,867	51,314	60,852	37,028	31,989	-	-	274,673	259,330
Tax recoverables											3,917	3,066
Deferred tax assets											2,368	3,698
											280,958	266,094
Segment liabilities	41,042	31,757	23,783	26,530	19,204	19,345	11,571	7,437	-	-	95,600	85,069
Finance leases											42	22
Income tax payable											7,282	5,169
Deferred income tax											1,163	1,480
											104,087	91,740
Capital expenditure (tangible and intangible assets)	2,812	2,939	1,586	1,756	467	647	1,671	1,450	-	-	6,536	6,792
Depreciation and amortisation of deferred expenditure and goodwill	3,280	7,491	1,556	1,241	1,645	1,758	1,043	840	-	-	7,524	11,330

31 Geographical and Business Segments Information (cont'd)

(b) By business segments:

	Revenue	
	2005	2004
	US\$'000	US\$'000
Hardware product sales	296,406	225,166
Software product sales and services	159,571	137,114
Total	455,977	362,280

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 customer 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.

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 56 to 91 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, 2005 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

A handwritten signature in black ink, appearing to read 'W. Padfield', with a large, stylized initial 'W' at the start.

William Bruce Grahame Padfield

A handwritten signature in black ink, appearing to read 'Philip Chu Yan-Jy', written in a cursive style.

Philip Chu Yan-Jy

November 25, 2005

Shareholders' Information

Number of ordinary shares in issue as at December 05, 2005 : 467,339,683
 Voting rights : One vote per share

Analysis of shareholders by range of balances as at December 05, 2005

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 999	319	2.37	10,053	0.00
1,000 – 10,000	10,882	80.84	42,023,694	8.99
10,001 – 1,000,000	2,239	16.63	75,778,284	16.22
1,000,001 – and above	21	0.16	349,527,652	74.79
Total	13,461	100.00	467,339,683	100.00

Twenty largest registered shareholders as at December 05, 2005

Shareholder's Name	Number of Shares	% of Holdings
1 Dimension Data International Limited	240,633,669	51.49
2 Raffles Nominees Pte Ltd	29,527,964	6.32
3 DBS Nominees Pte Ltd	22,130,529	4.74
4 Citibank Nominees Singapore Pte Ltd	11,364,323	2.43
5 UOB Kay Hian Pte Ltd	6,608,365	1.41
6 Kim Eng Securities Pte. Ltd.	5,274,604	1.13
7 HSBC (Singapore) Nominees Pte Ltd	4,379,332	0.94
8 OCBC Securities Private Ltd	4,203,450	0.90
9 DBS Vickers Securities (Singapore) Pte Ltd	3,217,180	0.69
10 Phillip Securities Pte Ltd	2,949,472	0.63
11 United Overseas Bank Nominees Pte Ltd	2,725,858	0.58
12 HL Bank Nominees (Singapore) Pte Ltd	2,709,058	0.58
13 Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,035,884	0.44
14 Macquarie Securities (Singapore) Pte Ltd	1,859,000	0.40
15 CIMB-GK Securities Pte. Ltd.	1,765,016	0.38
16 Merrill Lynch (Singapore) Pte Ltd	1,598,592	0.34
17 Singapore Nominees Pte Ltd	1,422,021	0.30
18 DB Nominees (Singapore) Pte Ltd	1,414,300	0.30
19 Hong Leong Finance Nominees Pte Ltd	1,292,002	0.28
20 Lim & Tan Securities Pte Ltd	1,231,004	0.26
Total	348,341,623	74.54

Substantial shareholders as at December 05, 2005 (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, 2005****Ordinary shares of S\$0.05 (2004 : S\$0.10) each**

Name of Directors	Direct interest	Deemed interest
Frank Yung-Cheng Yung	30,000	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 of S\$0.05 (2004 : S\$0.10) each 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	440,000	–
Lal Chandra Singh	50,000	–
Philip Chu Yan-Jy	1,030,000	–
Ronald John Cattell	1,300,000	–
Seet Ai Mee	325,000	–
William Bruce Grahame Padfield	1,780,000	–

Based on the information available to the Company, approximately 48% 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 Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Datacraft Asia Ltd (“Company”) will be held at Conrad Centennial Singapore, Two Temasek Boulevard, Singapore 038982 on Friday, January 20, 2006 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, 2005, together with the Auditors’ Report thereon. (Resolution 1)
2. To re-elect Mr Ronald John Cattell, a Director retiring under the provisions of Article 104 of the Articles of Association and who, being eligible, offers himself for re-election. (Resolution 2)
3. To re-elect Mr Patrick Keith Quarmby, a Director retiring under the provisions of Article 104 of the Articles of Association and who, being eligible, offers himself for re-election.

Note: Mr Patrick Keith Quarmby, a non-executive and non-independent Director, when re-appointed, will remain as the Chairman of the Board of Directors and a member of the Audit Committee of the Company. (Resolution 3)

4. To re-elect Mr Philip Chu Yan-Jy, a Director retiring under the provisions of Article 104 of the Articles of Association and who, being eligible, offers himself for re-election. (Resolution 4)
5. To re-appoint Mr Frank Yung-Cheng Yung, a Director retiring under Section 153(6) of the Companies Act, Chapter 50 and who, being eligible, offers himself for re-appointment.

Note: Mr Frank Yung-Cheng Yung, an independent Director, when re-appointed, will remain as the Chairman of the Audit Committee of the Company. (Resolution 5)

6. To approve the payment of Directors’ Fees of S\$382,500 for the financial year from October 1, 2005 to September 30, 2006 (2005: S\$375,000). (Resolution 6)
7. To re-appoint Messrs Deloitte & Touche as auditors and to authorise Directors to fix their remuneration. (Resolution 7)
8. To transact any other business that may be transacted at an Annual General Meeting.

As Special Business

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

(a) That pursuant to Section 161 of the Companies Act, Chapter 50 (“Act”) and the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) authority be and is hereby given to the Directors to:

- (I) (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

- (II) (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 was in force,

Notice of Twelfth Annual General Meeting (cont'd)

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 shareholder 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. (Resolution 8)
- (b) That approval be and is hereby given to the Directors to offer and grant options from time to time in accordance with the provisions of the Datacraft Asia Share Option Scheme 2003 ("Scheme 2003"), and, 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 (the "Scheme Shares") as may be required to be issued pursuant to the exercise of options granted under the Datacraft Asia Share Option Scheme and the Scheme 2003 and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the aggregate number of Scheme Shares shall not exceed 15 per cent. of the issued share capital of the Company from time to time. (Resolution 9)
- (c) 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. (Resolution 10)

By Order of the Board of Directors

Evelyn Wee Kim Lin

Company Secretary

Singapore,

December 27, 2005

Note: 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. Such proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company at 6 Shenton Way, #24-11 DBS Building Tower Two, Singapore 068809 not less than 48 hours before the time for holding the Meeting.

Notice of Twelfth Annual General Meeting (cont'd)

Statement pursuant to Article 64 of the Company's Articles of Association

Ordinary Resolution 8

Resolution 8, if passed, will empower the Directors to issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 8 (including shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 8 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 8 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 8 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 shareholder approval and which are outstanding as at the date of the passing of Resolution 8; and
- b) any subsequent consolidation or subdivision of shares.

This calculation is in accordance with Rule 806(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited. 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 9

Resolution 9, if passed, will empower the Directors to offer and grant options under the Datacraft Asia Share Option Scheme 2003 ("Scheme 2003") which was approved at the Extraordinary General Meeting of the Company on February 27, 2003 (as from time to time amended, modified or supplemented), and to allot and issue shares in the capital of the Company, pursuant to the exercise of options under the Datacraft Asia Share Option Scheme ("Previous Scheme") and the Scheme 2003 provided that the aggregate number of shares to be issued 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 Scheme 2003 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 10

Resolution 10, 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.

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DATACRAFT ASIA LTD

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

PROXY FORM

I/We* _____
of _____

being a member/members* of **DATACRAFT 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 on my /our* behalf, at the Twelfth Annual General Meeting of the Company, to be held at Conrad Centennial Singapore, Two Temasek Boulevard, Singapore 038982 on Friday, January 20, 2006 at 2.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the Meeting.

No.	Resolutions	For	Against
1.	To receive the Directors' Report and the Audited Accounts for the financial year ended September 30, 2005, together with the Auditors' Report thereon.		
2.	To re-elect Mr Ronald John Cattell as a Director of the Company (under Article 104).		
3.	To re-elect Mr Patrick Keith Quarmby as a Director of the Company (under Article 104).		
4.	To re-elect Mr Philip Chu Yan-Jy as a Director of the Company (under Article 104).		
5.	To re-appoint Mr Frank Yung-Cheng Yung as a Director of the Company (under Section 153(6) of the Companies Act, Cap. 50).		
6.	To approve Directors' Fees for the financial year from October 1, 2005 to September 30, 2006.		
7.	To re-appoint Messrs Deloitte & Touche as auditors and to authorise Directors to fix their remuneration.		
8.	To authorise Directors to issue shares and/or Instruments pursuant to Section 161 of the Companies Act, Cap. 50.		
9.	To authorise Directors to offer and grant options and to issue shares pursuant to the grant of the options.		
10.	To authorise Directors to issue shares pursuant to the Scrip Dividend Scheme.		

Dated this _____ day of _____ 2006.

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

Total Number of Shares

* Delete accordingly

Notes:-

- 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, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by you.
- 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.
- 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.
- This instrument appointing a proxy or proxies must be deposited at the registered office of the Company not less than 48 hours before the time appointed for the Annual General Meeting.
- 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.
- 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 Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
- 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.
- 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 Annual General Meeting as certified by The Central Depository (Pte) Limited of the Company.

Affix
postage
stamp

The Company Secretary
DATACRAFT ASIA LTD
6 Shenton Way #24-11
DBS Building Tower Two
Singapore 068809
