

Directors' Report

for the year ended 31 July 2002

On behalf of all the directors of the Company, we are pleased to submit this annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2002.

Directors

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

Ng Khim Guan @ Ngadimin
 Ng Cheow Chye
 Ng Leok Cheng
 Ng Bie Tjin @ Djuniarti Intan
 Ng Cheow Leng
 Si Yok Fong @ Chin Yok Fong
 Lim Lee Meng
 Hee Theng Fong
 Hilary Quah Lam Seng
 Ng Boon Yew (appointed on 3 September 2001)

Principal Activities

The principal activities of the Company during the financial year have been those relating to the manufacture and sale of media storage products used in content distribution including compact discs, digital versatile discs and micro floppy diskettes. The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

There have been no significant changes in the activities of the Group or of the Company during the financial year.

Acquisitions and Disposals of Subsidiaries

During the financial year, the Company did not acquire or dispose of any subsidiaries.

Financial Results

The results of the Group and of the Company for the financial year were as follows:

	The Group \$	The Company \$
Profit after taxation	5,810,572	5,005,294
Minority interests	(308,060)	-
Profit after taxation and minority interests	5,502,512	5,005,294
Unappropriated profit brought forward, as previously reported	56,530,507	56,952,597
Effects of adopting accounting standards:		
- SAS 10 (dividends proposed in 2001 and declared in 2002)	19,321,250	19,321,250
- SAS 34 (intangible assets)	(721,684)	-
Unappropriated profit brought forward, as restated	75,130,073	76,273,847
Profits available for appropriation carried forward	80,632,585	81,279,141

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for the year ended 31 July 2002

Financial Results (cont'd)

	The Group \$	The Company \$
Profits available for appropriation brought forward	80,632,585	81,279,141
Appropriations:-		
Final tax-exempt dividend paid of 0.25 cents per share	(1,486,475)	(1,486,475)
Special tax-exempt dividend paid of 3 cents per share	(17,837,700)	(17,837,700)
	(19,324,175)	(19,324,175)
Unappropriated profit carried forward	61,308,410	61,954,966

Transfers to or from Reserves or Provisions

There were the following movements in reserves during the financial year:

	The Group and The Company \$
Share Premium Account	
Premium arising from issue of ordinary shares under share option scheme	30,600
	The Group \$
Exchange Translation Reserve	
Exchange difference on translation of net investment in a foreign subsidiary	12,667

Material movements in provisions (including allowance, impairment, depreciation and amortisation) are as set out in the accompanying financial statements.

Issue of Shares or Debentures

During the financial year, the issued share capital of the Company was increased from \$29,724,500 to \$29,733,000 by the issue of 170,000 ordinary shares of \$0.05 each at the exercise price of \$0.23 each fully paid upon the exercise of share options by employees.

Except for the foregoing, neither the Company nor its subsidiaries issued any shares or debentures during the financial year.

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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Directors' Interests in Shares or Debentures

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year in shares, debentures or share options in the Company and its subsidiaries are as follows:

	At beginning of the year/date of appointment	At end of the year	At 21/8/2002
Holdings in the name of the director, spouse or infant children			
Datapulse Technology Limited			
Ordinary Shares of \$0.05 each fully paid			
Ng Cheow Chye	106,265,000	106,265,000	106,265,000
Ng Leok Cheng	100,000	100,000	100,000
Ng Bie Tjin @ Djuniarti Intan	544,400	544,400	544,400
Si Yok Fong @ Chin Yok Fong	1,265,000	-	-
Ng Boon Yew	10,000	10,000	10,000
Holdings in which the directors are deemed to have interests			
Ordinary Shares of \$0.05 each fully paid			
Ng Khim Guan @ Ngadimin	101,200,000	101,200,000	101,200,000
Ng Leok Cheng	1,622,000	-	-
Ng Bie Tjin @ Djuniarti Intan	2,500,000	2,500,000	2,500,000
Holdings in the name of the director, spouse or infant children			
DT Share Option Scheme 1999			
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.525 per share and exercisable between 31/10/2000 and 30/10/2004)			
Ng Khim Guan @ Ngadimin	1,000,000	1,000,000	1,000,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.525 per share and exercisable between 31/10/2000 and 30/10/2009)			
Ng Cheow Chye	1,000,000	1,000,000	1,000,000
Ng Bie Tjin @ Djuniarti Intan	1,000,000	1,000,000	1,000,000
Ng Cheow Leng	1,000,000	1,000,000	1,000,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.53 per share and exercisable between 31/10/2000 and 30/10/2004)			
Lim Lee Meng	160,000	160,000	160,000
Hee Theng Fong	160,000	160,000	160,000
Hilary Quah Lam Seng	160,000	160,000	160,000

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Directors' Interests in Shares or Debentures (cont'd)

	At beginning of the year/date of appointment	At end of the year	At 21/8/2002
Holdings in the name of the director, spouse or infant children			
DT Share Option Scheme 1999			
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.53 per share and exercisable between 31/10/2000 and 30/10/2009)			
Ng Leok Cheng	1,000,000	1,000,000	1,000,000
Si Yok Fong @ Chin Yok Fong	1,000,000	1,000,000	1,000,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.59 per share and exercisable between 15/1/2001 and 14/1/2005)			
Ng Khim Guan @ Ngadimin	400,000	400,000	400,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.59 per share and exercisable between 15/1/2001 and 14/1/2010)			
Ng Cheow Chye	700,000	700,000	700,000
Ng Bie Tjin @ Djuniarti Intan	700,000	700,000	700,000
Ng Cheow Leng	700,000	700,000	700,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.76 per share and exercisable between 15/1/2001 and 14/1/2005)			
Lim Lee Meng	100,000	100,000	100,000
Hee Theng Fong	100,000	100,000	100,000
Hilary Quah Lam Seng	100,000	100,000	100,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.76 per share and exercisable between 15/1/2001 and 14/1/2010)			
Ng Leok Cheng	700,000	700,000	700,000
Si Yok Fong @ Chin Yok Fong	700,000	700,000	700,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.55 per share and exercisable between 12/8/2001 and 11/8/2010)			
Ng Leok Cheng	700,000	700,000	700,000
Si Yok Fong @ Chin Yok Fong	700,000	700,000	700,000

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Directors' Interests in Shares or Debentures (cont'd)

	At beginning of the year/date of appointment	At end of the year	At 21/8/2002
Holdings in the name of the director, spouse or infant children			
DT Share Option Scheme 1999			
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.47 per share and exercisable between 16/2/2002 and 15/2/2006)			
Ng Khim Guan @ Ngadimin	400,000	400,000	400,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.47 per share and exercisable between 16/2/2002 and 15/2/2011)			
Ng Cheow Chye	700,000	700,000	700,000
Ng Bie Tjin @ Djuniarti Intan	700,000	700,000	700,000
Ng Cheow Leng	700,000	700,000	700,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.30 per share and exercisable between 27/1/2003 and 26/1/2007)			
Ng Khim Guan @ Ngadimin	-	400,000	400,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.30 per share and exercisable between 27/1/2003 and 26/1/2012)			
Ng Cheow Chye	-	700,000	700,000
Ng Bie Tjin @ Djuniarti Intan	-	700,000	700,000
Ng Cheow Leng	-	700,000	700,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.36 per share and exercisable between 27/1/2003 and 26/1/2007)			
Lim Lee Meng	-	150,000	150,000
Hee Theng Fong	-	150,000	150,000
Hilary Quah Lam Seng	-	150,000	150,000
Ng Boon Yew	-	150,000	150,000
Options to subscribe for Ordinary Shares of \$0.05 each			
(exercise price of \$0.36 per share and exercisable between 27/1/2003 and 26/1/2012)			
Ng Leok Cheng	-	700,000	700,000
Si Yok Fong @ Chin Yok Fong	-	700,000	700,000

Directors' Report

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Directors' Interests in Shares or Debentures (cont'd)

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

Dividends

Since the end of the last financial year, the Company paid a first and final tax-exempt dividend amounting to \$1,486,475 and a special tax-exempt dividend amounting to \$17,837,700. The difference of \$2,925 between the actual amount of dividend paid and the amount of dividend proposed in the Directors' Report of the previous financial year was due to the exercise of share options after the end of the financial year.

No interim dividend has been paid during the year and the directors now propose the payment of a first and final tax-exempt dividend of 1 cent per share, amounting to \$5,946,600 in respect of the financial year under review.

Bad and Doubtful Debts

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

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

Current Assets

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

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the Group misleading.

Charges and Contingent Liabilities

Since the end of the financial year:-

- (i) no charge on the assets of the Group or of the Company has arisen which secures the liabilities of any other person; and
- (ii) no contingent liability of the Group or of the Company has arisen.

Ability to Meet Obligations

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

Directors' Report

for the year ended 31 July 2002

Other Circumstances Affecting the Financial Statements

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

Unusual Items

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

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

Directors' Interests in Contracts

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share Options

The DT Share Option Scheme 1999 ("Scheme") is administered by a Share Option Committee comprising the following directors of the Company:-

Hee Theng Fong (Chairman)
Lim Lee Meng
Hilary Quah Lam Seng
Ng Cheow Chye
Ng Bie Tjin @ Djuniarti Intan

The Remuneration Committee was established on 2 September 2002, at the same day the Share Option Committee was dissolved. Going forward, the Remuneration Committee shall undertake the duties of overseeing the administration of the Scheme (and such other similar share plans as may be implemented by the Company from time to time) upon the terms and conditions as defined in the Scheme.

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Share Options (cont'd)

Since the commencement of the Scheme, the options granted to and exercised by directors, controlling shareholders and associates of the controlling shareholders are as follows:-

Name of participant	Granted during the financial year ended 31 July 2002	Aggregate options granted since commencement of Scheme to 31 July 2002	Aggregate options exercised/ lapsed since commencement of Scheme to 31 July 2002	Aggregate options outstanding as at 31 July 2002
DT Share Option Scheme 1999				
Directors who are controlling shareholders of the Company:				
Ng Khim Guan @ Ngadimin	400,000	2,200,000	-	2,200,000
Ng Cheow Chye	700,000	3,100,000	-	3,100,000
Total	1,100,000	5,300,000	-	5,300,000
Directors who are associates of controlling shareholders of the Company:				
Ng Bie Tjin @ Djuniarti Intan	700,000	3,100,000	-	3,100,000
Ng Cheow Leng	700,000	3,100,000	-	3,100,000
Total	1,400,000	6,200,000	-	6,200,000
Other directors of the Company:				
Ng Leok Cheng	700,000	3,100,000	-	3,100,000
Si Yok Fong @ Chin Yok Fong	700,000	3,100,000	-	3,100,000
Lim Lee Meng	150,000	410,000	-	410,000
Hee Theng Fong	150,000	410,000	-	410,000
Hilary Quah Lam Seng	150,000	410,000	-	410,000
Ng Boon Yew	150,000	150,000	-	150,000
Total	2,000,000	7,580,000	-	7,580,000

Since the commencement of the Scheme, no participant has been granted 5% or more of the total number of the options available under the Scheme.

■ No option was granted at a discount during the financial year.

Directors' Report

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Share Options (cont'd)

Options in respect of unissued ordinary shares of \$0.05 each in the Company outstanding as at 31 July 2002 are as follows:

←———— Number of share options —————→

Date of grant	Balance at 1/8/2001	Options granted during the year	Lapsed	Exercised	Balance at 31/7/2002	Number of option holders	Exercise price per share	Exercise period
16/11/1998	605,000	-	-	(170,000)	435,000	7	\$0.23	17/11/1999 to 16/11/2003
30/10/1999	1,000,000	-	-	-	1,000,000	1	\$0.525	31/10/2000 to 30/10/2004
30/10/1999	480,000	-	-	-	480,000	3	\$0.53	31/10/2000 to 30/10/2004
30/10/1999	3,000,000	-	-	-	3,000,000	3	\$0.525	31/10/2000 to 30/10/2009
30/10/1999	7,090,000	-	(500,000)	-	6,590,000	52	\$0.53	31/10/2000 to 30/10/2009
14/01/2000	400,000	-	-	-	400,000	1	\$0.59	15/01/2001 to 14/01/2005
14/01/2000	300,000	-	-	-	300,000	3	\$0.76	15/01/2001 to 14/01/2005
14/01/2000	2,100,000	-	-	-	2,100,000	3	\$0.59	15/01/2001 to 14/01/2010
14/01/2000	1,400,000	-	-	-	1,400,000	2	\$0.76	15/01/2001 to 14/01/2010
11/08/2000	4,259,000	-	(286,000)	-	3,973,000	66	\$0.55	12/08/2001 to 11/08/2010
15/02/2001	400,000	-	-	-	400,000	1	\$0.47	16/02/2002 to 15/02/2006
15/02/2001	2,100,000	-	-	-	2,100,000	3	\$0.47	16/02/2002 to 15/02/2011
26/02/2002	-	400,000	-	-	400,000	1	\$0.30	27/01/2003 to 26/01/2007
26/02/2002	-	600,000	-	-	600,000	4	\$0.36	27/01/2003 to 26/01/2007
26/02/2002	-	2,100,000	-	-	2,100,000	3	\$0.30	27/01/2003 to 26/01/2012
26/02/2002	-	5,086,000	(324,000)	-	4,762,000	215	\$0.36	27/01/2003 to 26/01/2012
	23,134,000	8,186,000	(1,110,000)	(170,000)	30,040,000	224		

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Except as disclosed above, during the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries;
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries; and
- (iii) no unissued shares of the Company or its subsidiaries under option.

Corporate Governance

Statement of Compliance

The directors confirm that, during the financial year ended 31 July 2002, the Company has complied with the Best Practices Guide issued on 4 May 1998 by the Singapore Exchange Securities Trading Limited. The Company is committed to raising the standard of corporate governance in order to protect the interests of its shareholders and has established various self-regulating and monitoring mechanisms to ensure that effective corporate governance is practised.

Directors' Report

for the year ended 31 July 2002

Corporate Governance (cont'd)

The Board of Directors

The Board of Directors consists of 10 directors, including 4 independent non-executive directors. They meet regularly throughout the year. The Board sets the overall strategy of the Group and sets policies on matters such as financial control, financial performance, and risk management procedures. To give effect to the discharge of its responsibilities, the Board has established the Remuneration Committee, the Nominating Committee and the Audit Committee.

Remuneration Committee

The primary objective of the Remuneration Committee is to make recommendations to the Board on the Group's framework of executive remuneration as well as to review the adequacy and form of the compensation of executive directors (members of the Board who are employees of the Company, whether full-time or part-time) to ensure that the compensation realistically commensurate with the responsibilities and performance of an executive director.

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

Ng Boon Yew (Chairman)
Lim Lee Meng
Hilary Quah Lam Seng
Ng Cheow Chye
Ng Leok Cheng

Nominating Committee

The Nominating Committee was established on 2 September 2002 and its primary objective is to make recommendations to the Board on all Board appointments; formally assess the Board as a whole and the contribution by each individual director to the effectiveness of the Board.

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

Hee Theng Fong (Chairman)
Lim Lee Meng
Hilary Quah Lam Seng
Ng Cheow Chye
Ng Bie Tjin @ Djuniarti Intan

Audit Committee

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

Lim Lee Meng (Chairman)
Hee Theng Fong
Hilary Quah Lam Seng
Ng Boon Yew

There is a re-constitution of the members of the Audit Committee pursuant to the Code of Corporate Governance issued on 21 March 2001. Ms Ng Bie Tjin @ Djuniarti Intan, being an executive director, has resigned from the Audit Committee.

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for the year ended 31 July 2002

Corporate Governance (cont'd)

Audit Committee (cont'd)

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

The Audit Committee held 2 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

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

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

Auditors

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

On behalf of the Board of Directors



Ng Khim Guan @ Ngadimin
Director



Ng Cheow Chye
Director

Singapore
23 September 2002

Statement by Directors

for the year ended 31 July 2002

We, **Ng Khim Guan @ Ngadimin** and **Ng Cheow Chye**, being directors of Datapulse Technology Limited, do hereby state that in our opinion:

- (a) the financial statements set out on pages 25 to 52 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2002 and of the results of the business and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors has authorised these financial statements for issue on the date of this statement.

On behalf of the Board of Directors



Ng Khim Guan @ Ngadimin
Director



Ng Cheow Chye
Director

Singapore
23 September 2002

Report of the Auditors

to the Members of Datapulse
Technology Limited

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended 31 July 2002 as set out on pages 25 to 52. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company as at 31 July 2002 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' report of Datapulse Technology (Taiwan) Inc., of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements.

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

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification, and in respect of Datapulse Investment Pte Ltd, did not include any comment made under Section 207 (3) of the Act.



KPMG
Certified Public Accountants

Singapore
23 September 2002

Balance Sheets

as at 31 July 2002

	Note	The Group		The Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Non-current assets					
Property, plant and equipment	3	64,856,973	70,287,408	49,229,637	55,614,545
Investments in subsidiaries	4	-	-	2	2
Interest in an associate	5	-	-	-	-
Non-financial assets	6	133,700	173,200	133,700	173,200
		<u>64,990,673</u>	<u>70,460,608</u>	<u>49,363,339</u>	<u>55,787,747</u>
Current assets					
Inventories	7	1,306,474	1,707,125	1,244,192	1,656,361
Trade and other receivables	8	10,972,698	14,090,530	14,584,122	19,531,934
Other financial assets	12	1,769,580	1,573,807	1,769,580	1,573,807
Cash and cash equivalents	13	49,537,889	56,664,227	49,237,224	54,923,758
		<u>63,586,641</u>	<u>74,035,689</u>	<u>66,835,118</u>	<u>77,685,860</u>
Less:					
Current liabilities					
Trade and other payables	14	5,913,257	8,973,840	4,314,296	7,508,890
Short term bank loans	15	3,244,500	3,315,300	-	-
Current portion of obligations under finance leases	17	26,460	14,323	-	-
Provision for taxation		349,294	789,000	338,225	789,000
		<u>9,533,511</u>	<u>13,092,463</u>	<u>4,652,521</u>	<u>8,297,890</u>
Net current assets		<u>54,053,130</u>	<u>60,943,226</u>	<u>62,182,597</u>	<u>69,387,970</u>
		<u>119,043,803</u>	<u>131,403,834</u>	<u>111,545,936</u>	<u>125,175,717</u>
Less:					
Non-current liabilities					
Long term bank loan	16	5,716,500	5,345,600	-	-
Obligations under finance leases	17	32,258	30,522	-	-
Deferred tax liability	18	5,149,653	4,426,049	5,256,000	4,606,000
		<u>10,898,411</u>	<u>9,802,171</u>	<u>5,256,000</u>	<u>4,606,000</u>
Less:					
Minority interests		<u>2,881,387</u>	<u>2,567,762</u>	<u>-</u>	<u>-</u>
Net Assets		<u>105,264,005</u>	<u>119,033,901</u>	<u>106,289,936</u>	<u>120,569,717</u>
Capital And Reserves					
Share capital	19	29,733,000	29,724,500	29,733,000	29,724,500
Reserves	20	75,531,005	89,309,401	76,556,936	90,845,217
		<u>105,264,005</u>	<u>119,033,901</u>	<u>106,289,936</u>	<u>120,569,717</u>

The accompanying notes form an integral part of these financial statements

Profit and Loss Accounts

for the year ended 31 July 2002

	Note	The Group		The Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Revenue	21	50,634,857	76,012,468	43,046,769	73,728,129
Other income	22(a)	847,295	3,604,166	964,913	3,611,783
		51,482,152	79,616,634	44,011,682	77,339,912
Changes in inventories of finished goods and work-in-progress		(323,476)	199,867	(323,476)	199,867
Raw materials and consumables used		(13,956,160)	(23,305,677)	(11,814,314)	(22,416,370)
Staff costs	22(b)	(12,149,251)	(14,047,314)	(10,037,128)	(13,180,445)
Depreciation of property, plant and equipment	3	(8,376,619)	(7,920,665)	(7,577,145)	(7,445,321)
Other operating expenses	22(c)	(9,695,709)	(9,824,326)	(8,604,325)	(8,336,260)
Profit from operations		6,980,937	24,718,519	5,655,294	26,161,383
Finance costs:					
- interest on borrowings		(434,360)	(340,093)	-	(16,311)
Profit from ordinary activities before taxation		6,546,577	24,378,426	5,655,294	26,145,072
Taxation	23	(736,005)	(820,049)	(650,000)	(1,000,000)
Profit from ordinary activities after taxation		5,810,572	23,558,377	5,005,294	25,145,072
Minority interests		(308,060)	513,476	-	-
Net profit for the year		5,502,512	24,071,853	5,005,294	25,145,072
Earnings per share	26				
- basic		0.93 cents	4.05 cents		
- fully diluted		0.92 cents	4.05 cents		

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

for the year ended 31 July 2002

The Group	Note	Share capital \$	Share premium \$	Exchange translation reserve \$	Unappropriated profit \$	Total \$
At 1 August 2000, as previously reported		29,708,600	14,514,130	(40,000)	51,130,650	95,313,380
Effects of adopting SAS 10 & 34	24(b)	-	-	-	4,385,735	4,385,735
At 1 August 2000, as restated		29,708,600	14,514,130	(40,000)	55,516,385	99,699,115
Issue of shares under share option scheme		15,900	57,240	-	-	73,140
Exchange difference on translation of net investment in a foreign subsidiary		-	-	(352,042)	-	(352,042)
Net profit for the year		-	-	-	24,071,853	24,071,853
Final tax-exempt dividend paid of 0.25 cents per share		-	-	-	(1,486,055)	(1,486,055)
Special tax-exempt dividend paid of 0.5 cents per share		-	-	-	(2,972,110)	(2,972,110)
Dividends	25	-	-	-	(4,458,165)	(4,458,165)
At 31 July 2001, as restated		29,724,500	14,571,370	(392,042)	75,130,073	119,033,901
At 1 August 2001, as previously reported		29,724,500	14,571,370	(392,042)	56,530,507	100,434,335
Effects of adopting SAS 10 & 34	24(b)	-	-	-	18,599,566	18,599,566
At 1 August 2001, as restated		29,724,500	14,571,370	(392,042)	75,130,073	119,033,901
Issue of shares under share option scheme		8,500	30,600	-	-	39,100
Exchange difference on translation of net investment in a foreign subsidiary		-	-	12,667	-	12,667
Net profit for the year		-	-	-	5,502,512	5,502,512
Final tax-exempt dividend paid of 0.25 cents per share		-	-	-	(1,486,475)	(1,486,475)
Special tax-exempt dividend paid of 3 cents per share		-	-	-	(17,837,700)	(17,837,700)
Dividends	25	-	-	-	(19,324,175)	(19,324,175)
At 31 July 2002		29,733,000	14,601,970	(379,375)	61,308,410	105,264,005

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

for the year ended 31 July 2002

The Company	Note	Share capital \$	Share premium \$	Unappropriated profit \$	Total \$
At 1 August 2000, as previously reported		29,708,600	14,514,130	51,130,650	95,353,380
Effects of adopting SAS 10	24(b)	-	-	4,456,290	4,456,290
At 1 August 2000, as restated		29,708,600	14,514,130	55,586,940	99,809,670
Issue of shares under share option scheme		15,900	57,240	-	73,140
Net profit for the year		-	-	25,145,072	25,145,072
Final tax-exempt dividend of 0.25 cents per share		-	-	(1,486,055)	(1,486,055)
Special tax-exempt dividend of 0.5 cents per share		-	-	(2,972,110)	(2,972,110)
Dividends	25	-	-	(4,458,165)	(4,458,165)
At 31 July 2001		29,724,500	14,571,370	76,273,847	120,569,717
At 1 August 2001, as previously reported		29,724,500	14,571,370	56,952,597	101,248,467
Effects of adopting SAS 10	24(b)	-	-	19,321,250	19,321,250
At 1 August 2001, as restated		29,724,500	14,571,370	76,273,847	120,569,717
Issue of shares under share option scheme		8,500	30,600	-	39,100
Net profit for the year		-	-	5,005,294	5,005,294
Final tax-exempt dividend of 0.25 cents per share		-	-	(1,486,475)	(1,486,475)
Special tax-exempt dividend of 3 cents per share		-	-	(17,837,700)	(17,837,700)
Dividends	25	-	-	(19,324,175)	(19,324,175)
At 31 July 2002		29,733,000	14,601,970	61,954,966	106,289,936

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

for the year ended 31 July 2002

	Note	2002 \$	2001 \$
Operating Activities			
Profit from ordinary activities before taxation		6,546,577	24,378,426
Adjustments for:			
Depreciation of property, plant and equipment		8,376,619	7,920,665
Gain on disposal of property, plant and equipment		(32,659)	(232,874)
Property, plant and equipment written off		568,434	83,681
Interest expense		434,360	340,093
Interest income		(866,796)	(1,713,477)
Dividend income		(40,194)	(33,300)
Non-financial assets written off		39,500	-
Allowance for diminution in value of other financial assets		(284,409)	247,609
(Gain)/loss on sale of other financial assets		(46,463)	74,514
Operating profit before working capital changes		14,694,969	31,065,337
Changes in working capital:			
Inventories		400,575	465,275
Trade and other receivables		3,110,447	3,132,975
Trade and other payables		(2,847,210)	(5,875,158)
Cash generated from operations		15,358,781	28,788,429
Income tax paid		(451,757)	(255,000)
Cash flows from operating activities		14,907,024	28,533,429
Investing Activities			
Purchase of other financial assets		-	(468,429)
Proceeds from sale of other financial assets		135,099	548,915
Purchase of property, plant and equipment		(3,747,727)	(7,514,274)
Proceeds from sale of property, plant and equipment		107,694	1,349,445
Dividend received from other financial assets		40,194	33,300
Interest received		866,796	1,713,477
Cash flows from investing activities		(2,597,944)	(4,337,566)
Financing Activities			
Bank borrowings		370,900	-
Dividends paid		(19,324,175)	(4,458,165)
Minority interests		-	2,187,900
Payment of finance lease rentals		(16,667)	(5,424)
Proceeds from issue of shares		39,100	73,140
Repayment of bank loans		(70,800)	(2,074,731)
Interest paid		(434,360)	(340,093)
Cash flows from financing activities		(19,436,002)	(4,617,373)
Net (decrease)/increase in cash and cash equivalents		(7,126,922)	19,578,490
Effect of exchange rate changes on balances held in foreign currency		584	4,038
Cash and cash equivalents at beginning of year		56,664,227	37,081,699
Cash and cash equivalents at end of year	13	49,537,889	56,664,227

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$3,778,267 (2001: \$7,564,543) of which \$30,540 (2001: \$50,269) was acquired by means of finance leases. Cash payments of \$3,747,727 (2001: \$7,514,274) were made in purchase of these assets.

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

for the year ended 31 July 2002

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 23 September 2002.

1. Domicile and Activities

Datapulse Technology Limited (the "Company") is incorporated in the Republic of Singapore with its registered office at 15A Tai Seng Drive, Datapulse Industrial Building, Singapore 535225.

The principal activities of the Company are the manufacture and sale of media storage products used in content distribution including compact discs, digital versatile discs and micro floppy diskettes. The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

The consolidated financial statements for the year ended 31 July 2002 relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interest in an associate.

2. Summary of Significant Accounting Policies

(a) Statement of compliance

The financial statements have been prepared in accordance with Singapore Statements of Accounting Standard ("SAS") (including Interpretations of Statements of Accounting Standard) issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

(b) Basis of preparation

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

The Group and the Company adopted eleven new or revised accounting standards which came into effect during the financial year. Details of the effects of adopting the accounting standards are given in note 24.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries in the Company's balance sheet are stated at cost less impairment losses.

Notes to the Financial Statements

for the year ended 31 July 2002

2. Summary of Significant Accounting Policies (cont'd)

(c) Basis of consolidation (cont'd)

(ii) Associates

An associate is a company in which the Group has significant influence, but not control, over the financial and operating policies.

Unless the interests in the associates are acquired and held exclusively with a view to subsequent disposal in the near future, an investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for post acquisition changes in the Group's share of the associate's net assets. The consolidated profit and loss account reflects the Group's share of the post-acquisition results of the associate for the year. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Investment in associate in the Company's balance sheet is stated at cost less impairment losses.

The results of the associate are included in the Company's profit and loss account to the extent of dividends received and receivable, providing the Company's right to receive the dividend is established before the balance sheet date.

(iii) Transactions eliminated on consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Foreign currencies

(i) Translation of foreign currencies

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

(ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of the foreign operations are translated into Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign operations are translated at average exchange rates for the year. Exchange differences arising on translation are recognised directly in equity.

Notes to the Financial Statements

for the year ended 31 July 2002

2. Summary of Significant Accounting Policies (cont'd)

(e) Property, plant and equipment

(i) Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight line basis to write off the costs of property, plant and equipment over their estimated useful lives as follows:

Freehold property	-	50 years
Leasehold property	-	50 years
Plant and machinery	-	10 years
Office equipment	-	3 to 10 years
Furniture and fittings	-	10 years
Motor vehicles	-	5 years
Renovations	-	5 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

Depreciation is charged upon the commencement of use of property, plant and equipment in production.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

(f) Other financial assets

Equity securities held for the short term are stated at the lower of cost or market value on a counter-by-counter basis. Any increases or decreases in carrying amount are included in the profit and loss account.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes materials, direct labour and an appropriate share of overheads based on normal operating capacity.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

Notes to the Financial Statements

for the year ended 31 July 2002

2. Summary of Significant Accounting Policies (cont'd)

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to the retained earnings of subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Revenue recognition

(i) Sale of goods and services

Revenue is recognised upon delivery of goods to the customer's premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership, or services rendered. Revenue excludes goods and services or other sales taxes and is after the deduction of any trade discounts.

(ii) Dividends

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

(iii) Interest income

Interest income from bank deposits is accrued on the time-apportioned basis.

(k) Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on the straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments made.

(l) Repurchase of share capital

When share capital recognised as equity is repurchased, the issued share capital is reduced by the par value of the shares repurchased and transferred to a capital redemption reserve. The costs associated with the repurchase are set off against unappropriated profit.

Notes to the Financial Statements

for the year ended 31 July 2002

3. Property, Plant and Equipment

The Group Cost	Freehold property \$	Leasehold property \$	Plant and machinery \$	Office equipment \$	Furniture and fittings \$	Motor vehicles \$	Renovations \$	Total \$
At 1 August 2001	8,710,599	14,744,225	68,177,649	1,414,570	2,003,011	1,939,128	1,552,441	98,541,623
Translation difference	16,946	-	11,091	107	52	98	1,259	29,553
Additions	-	-	3,506,637	47,452	100,377	30,540	93,261	3,778,267
Disposals	-	-	(5,863,168)	-	-	-	-	(5,863,168)
At 31 July 2002	8,727,545	14,744,225	65,832,209	1,462,129	2,103,440	1,969,766	1,646,961	96,486,275
Depreciation								
At 1 August 2001	84,550	1,794,540	23,717,335	588,464	974,606	819,661	275,059	28,254,215
Translation difference	164	-	595	12	-	8	169	948
Depreciation charge for the year	77,877	294,883	6,869,627	270,135	202,063	360,792	301,242	8,376,619
Disposals	-	-	(5,002,480)	-	-	-	-	(5,002,480)
At 31 July 2002	162,591	2,089,423	25,585,077	858,611	1,176,669	1,180,461	576,470	31,629,302
Depreciation charge for 2001	84,550	294,884	6,509,055	260,641	186,017	380,096	205,422	7,920,665
Carrying amount								
At 31 July 2002	8,564,954	12,654,802	40,247,132	603,518	926,771	789,305	1,070,491	64,856,973
At 31 July 2001	8,626,049	12,949,685	44,460,314	826,106	1,028,405	1,119,467	1,277,382	70,287,408

Notes to the Financial Statements

for the year ended 31 July 2002

3. Property, Plant and Equipment (cont'd)

The Company Cost	Leasehold property \$	Plant and machinery \$	Office equipment \$	Furniture and fittings \$	Motor vehicles \$	Renovations \$	Total \$
At 1 August 2001	14,744,225	62,481,554	1,359,544	1,976,092	1,888,859	905,700	83,355,974
Additions	-	2,769,180	39,361	100,377	-	67,033	2,975,951
Disposals	-	(7,216,202)	-	-	-	-	(7,216,202)
At 31 July 2002	14,744,225	58,034,532	1,398,905	2,076,469	1,888,859	972,733	79,115,723
Depreciation							
At 1 August 2001	1,794,540	23,386,374	582,103	974,606	815,472	188,334	27,741,429
Depreciation charge for the year	294,883	6,278,077	264,949	199,611	346,928	192,697	7,577,145
Disposals	-	(5,432,488)	-	-	-	-	(5,432,488)
At 31 July 2002	2,089,423	24,231,963	847,052	1,174,217	1,162,400	381,031	29,886,086
Depreciation charge for 2001	294,884	6,215,536	254,280	186,017	375,907	118,697	7,445,321
Carrying amount							
At 31 July 2002	12,654,802	33,802,569	551,853	902,252	726,459	591,702	49,229,637
At 31 July 2001	12,949,685	39,095,180	777,441	1,001,486	1,073,387	717,366	55,614,545

As at 31 July 2002, the freehold property and plant and machinery of the Group with net book values of \$8,564,954 (2001: \$8,626,049) and \$4,331,607 (2001: \$Nil), respectively, are pledged as a security for long term loans as set out in Note 16.

The net book value of property, plant and equipment of the Group includes an amount of \$62,845 as at 31 July 2002 (2001: \$46,080) in respect of motor vehicles purchased under finance leases.

Notes to the Financial Statements

for the year ended 31 July 2002

4. Investments in Subsidiaries

	The Company	
	2002 \$	2001 \$
Unquoted equity shares, at cost	2	2

Details of the subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation and business	Effective equity interest held by the Group		Cost of investment	
			2002 %	2001 %	2002 \$	2001 \$
Datapulse Investment Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100	2	2
* Datapulse Technology (Taiwan) Inc.	Manufacture and sale of compact discs	Taiwan	67	67	6,539,285	6,539,285

*Audited by a member firm of KPMG International.

5. Interest in an Associate

Note	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
(a) Unquoted equity shares, at cost	689,915	689,915	689,915	689,915
Less: Allowance for diminution in value:				
At 1 August	409,999	-	689,915	279,916
Reclassification from allowance against loan stock	-	355,088	-	355,088
Allowance made during the year	-	54,911	-	54,911
At 31 July	409,999	409,999	689,915	689,915
Share of post-acquisition accumulated loss	(279,916)	(279,916)	-	-
	-	-	-	-

Notes to the Financial Statements

for the year ended 31 July 2002

5. Interest in an Associate (cont'd)

Note	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
(b)				
Movements in allowance against loan stock:				
At 1 August	-	355,088	-	355,088
Reclassification to allowance for diminution in value	5(a)	(355,088)	-	(355,088)
At 31 July	-	-	-	-

(c) Details of the associate are set out below:

Name of associate	Principal activities	Place of incorporation and business	Equity interest held by the Group	
			2002 %	2001 %
Media Labs Limited (under receivership)	Manufacture and sale of compact discs and micro floppy diskettes	Australia	37	37

6. Non-Financial Assets

	The Group and The Company	
	2002 \$	2001 \$
Club memberships, at cost	173,200	173,200
Less:		
Cost written off during the year	(39,500)	-
	133,700	173,200

7. Inventories

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Raw materials	1,010,913	1,088,088	948,631	1,037,324
Work-in-progress	81,644	291,525	81,644	291,525
Finished goods	213,917	327,512	213,917	327,512
	1,306,474	1,707,125	1,244,192	1,656,361
Less:				
Allowance for inventory obsolescence				
At 1 August	-	80,000	-	80,000
Allowance written back	-	(80,000)	-	(80,000)
At 31 July	-	-	-	-
	1,306,474	1,707,125	1,244,192	1,656,361

Notes to the Financial Statements

for the year ended 31 July 2002

8. Trade and Other Receivables

	Note	The Group		The Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Trade receivables	9	10,221,661	13,096,109	7,366,971	11,644,602
Deposits, prepayments and other receivables	10	751,037	333,771	676,977	281,390
Amounts due from:					
- a subsidiary					
- trade		-	-	889	406,007
- non-trade		-	-	6,539,285	6,539,285
- an associate	11				
- trade		-	536,524	-	536,524
- non-trade		-	124,126	-	124,126
		10,972,698	14,090,530	14,584,122	19,531,934

The non-trade amounts due from a subsidiary and an associate are unsecured, interest-free, and have no fixed terms of repayment.

9. Trade Receivables

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Trade receivables	11,169,848	13,773,651	7,985,605	12,194,136
Less:				
Allowance for doubtful receivables:				
At 1 August	677,542	826,955	549,534	826,955
Translation difference	248	-	-	-
Allowance made/ (written back)	301,597	(136,909)	100,300	(264,917)
Allowance utilised	(31,200)	(12,504)	(31,200)	(12,504)
At 31 July	948,187	677,542	618,634	549,534
	10,221,661	13,096,109	7,366,971	11,644,602

10. Deposits, Prepayments and Other Receivables

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Deposits	471,705	21,548	466,712	19,392
Prepayments	186,467	204,937	147,145	161,433
Staff loans	22,000	100,565	22,000	100,565
Non-trade receivables	70,865	6,721	41,120	-
	751,037	333,771	676,977	281,390

Notes to the Financial Statements

for the year ended 31 July 2002

11. Amount due from an Associate

	The Company	
	2002	2001
	\$	\$
(a) Amount due from an associate (trade)	518,216	536,524
Less:		
Amount written off during the year	518,216	-
	-	536,524
(b) Amount due from an associate (non-trade)	124,126	124,126
Less:		
Amount written off during the year	124,126	-
	-	124,126

12. Other Financial Assets

	The Group and The Company	
	2002	2001
	\$	\$
Quoted equity investments, at cost	1,769,580	1,858,216
Allowance for diminution in value	-	(284,409)
	1,769,580	1,573,807
Movement in allowance for diminution in value:		
At 1 August	284,409	36,800
Allowance (written back)/made during the year	(284,409)	247,609
At 31 July	-	284,409
Market value as at 31 July	1,827,589	1,573,807

13. Cash and Cash Equivalents

	The Group		The Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Fixed deposits	41,206,467	51,778,699	41,206,467	51,778,699
Cash at banks and in hand	8,331,422	4,885,528	8,030,757	3,145,059
	49,537,889	56,664,227	49,237,224	54,923,758

14. Trade and Other Payables

	The Group		The Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Trade payables	2,790,139	2,886,346	2,039,830	2,666,303
Accrued operating expenses	2,253,935	4,236,376	1,837,545	4,031,107
Deposits received	6,542	15,046	6,542	6,542
Other payables	862,641	1,836,072	430,379	804,938
	5,913,257	8,973,840	4,314,296	7,508,890

Notes to the Financial Statements

for the year ended 31 July 2002

15. Short Term Bank Loans

	Note	The Group	
		2002 \$	2001 \$
Short term loans:			
- secured	16	1,287,500	-
- unsecured		1,030,000	2,904,100
Current portion of long-term bank loan	16	927,000	411,200
		<u>3,244,500</u>	<u>3,315,300</u>

16. Long Term Bank Loans

	Note	The Group	
		2002 \$	2001 \$
Repayable:			
- within one year	15	927,000	411,200
- after one year		5,716,500	5,345,600
		<u>6,643,500</u>	<u>5,756,800</u>

The long term loan of NT\$104,000,000; \$5,356,000 at 31 July 2002 (2001: NT\$112,000,000; \$5,756,800) is repayable over 60 quarterly instalments of NT\$2,000,000; \$103,000 (2001: NT\$2,000,000; \$102,800) each commencing July 2000, with final maturity in April 2015. Interest rates for the financial year range from 3.46% to 8.13% (2001: 5.33% to 8.13%) per annum.

The long term loan of NT\$25,000,000; \$1,287,500 at 31 July 2002 (2001: Nil) is repayable over 6 bi-annual instalments of NT\$5,000,000; \$257,500 (2001: Nil) each commencing January 2002, with final maturity in December 2004. Interest rates for the financial year range from 4.35% to 4.60% (2000: Nil) per annum.

The secured short term bank loan and long term bank loans are secured by way of:-

- charges over the freehold property and plant and machinery of the subsidiary; and
- guarantees amounting to NT\$180,000,000; \$9,270,000 (2001: NT\$120,000,000; \$6,168,000) severally provided by the Company and minority shareholders of the subsidiary.

17. Obligations Under Finance Leases

The Group has obligations under finance leases that are repayable as follows:

	2002			2001		
	Payments \$	Interest \$	Principal \$	Payments \$	Interest \$	Principal \$
Within 1 year	34,975	8,515	26,460	22,263	7,940	14,323
After 1 year but within 5 years	36,139	3,881	32,258	36,204	5,682	30,522
	<u>71,114</u>	<u>12,396</u>	<u>58,718</u>	<u>58,467</u>	<u>13,622</u>	<u>44,845</u>

Under the terms of the lease agreements, no contingent rents are payable.

Notes to the Financial Statements

for the year ended 31 July 2002

18. Deferred Tax Liability

The Group	2002			2001		
	Assets \$	Liabilities \$	Net \$	Assets \$	Liabilities \$	Net \$
Property, plant and equipment	-	(5,215,892)	(5,215,892)	-	(4,839,932)	(4,839,932)
Trade and other receivables	74,314	-	74,314	28,064	-	28,064
Inventories	20,600	-	20,600	9,869	-	9,869
Investment tax credit	11,124	-	11,124	23,130	-	23,130
Loss carried forward	-	-	-	117,500	-	117,500
Other financial assets	-	-	-	69,681	-	69,681
Other items	309	(40,108)	(39,799)	165,639	-	165,639
	106,347	(5,256,000)	(5,149,653)	413,883	(4,839,932)	(4,426,049)
Set off of tax	-	-	-	(233,932)	233,932	-
Net tax assets/ (liabilities)	106,347	(5,256,000)	(5,149,653)	179,951	(4,606,000)	(4,426,049)
The Company						
Property, plant and equipment	-	(5,215,892)	(5,215,892)	-	(4,839,932)	(4,839,932)
Other financial assets	-	-	-	69,681	-	69,681
Other items	-	(40,108)	(40,108)	164,251	-	164,251
	-	(5,256,000)	(5,256,000)	233,932	(4,839,932)	(4,606,000)
Set off of tax	-	-	-	(233,932)	233,932	-
Net tax assets/ (liabilities)	-	(5,256,000)	(5,256,000)	-	(4,606,000)	(4,606,000)

19. Share Capital – The Company

	2002		2001	
	Number of shares	\$	Number of shares	\$
Authorised:				
Ordinary shares of \$0.05 each	1,000,000,000	50,000,000	1,000,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of \$0.05 each:				
At 1 August	594,490,000	29,724,500	594,172,000	29,708,600
Issue of shares	170,000	8,500	318,000	15,900
At 31 July	594,660,000	29,733,000	594,490,000	29,724,500

During the financial year, the issued share capital of the Company was increased from \$29,724,500 to \$29,733,000 by the issue of 170,000 ordinary shares of \$0.05 each at the exercise price of \$0.23 each fully paid upon the exercise of share options by employees.

Notes to the Financial Statements

for the year ended 31 July 2002

20. Reserves

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Share premium	14,601,970	14,571,370	14,601,970	14,571,370
Exchange translation reserve	(379,375)	(392,042)	-	-
Unappropriated profit	61,308,410	75,130,073	61,954,966	76,273,847
	75,531,005	89,309,401	76,556,936	90,845,217

The application of the share premium account is governed by Section 69(2) of the Companies Act, Chapter 50.

The exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of an overseas subsidiary whose operation is not integral to the operation of the Company.

Movements in reserves for the Group and the Company are set out in the statements of changes in equity of the Group and of the Company, respectively.

21. Revenue - The Group and The Company

Revenue comprises net invoiced value of goods supplied to customers.

22. Profit from Ordinary Activities Before Taxation

Profit from ordinary activities before taxation includes the following:

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
(a) Other income				
Dividend income from other financial assets	40,194	33,300	40,194	33,300
Exchange (loss)/gain	(220,408)	1,263,886	(223,228)	1,269,485
Gain/(loss) on disposal of:				
- other financial assets	46,463	(74,514)	46,463	(74,514)
- property, plant and equipment	32,659	232,874	206,814	253,790
Interest income from:				
- associate	-	54,911	-	54,911
- bank	863,052	1,710,616	859,267	1,708,578
- others	3,744	2,861	3,744	2,861
Sundry income	81,591	380,232	31,659	363,372
	847,295	3,604,166	964,913	3,611,783

Notes to the Financial Statements

for the year ended 31 July 2002

22. Profit from Ordinary Activities Before Taxation (cont'd)

	The Group		The Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
(b) Staff costs				
Wages and salaries	8,547,716	8,896,073	6,734,983	8,109,628
Contributions to defined contribution plans	939,751	926,988	821,893	905,868
Other staff costs	2,661,784	4,224,253	2,480,252	4,164,949
	<u>12,149,251</u>	<u>14,047,314</u>	<u>10,037,128</u>	<u>13,180,445</u>
Average number of employees	531	607	460	545

Staff costs include directors' remuneration disclosed in Note 22(c).

	Note	The Group		The Company	
		2002	2001	2002	2001
		\$	\$	\$	\$
(c) Other operating expenses					
Allowance for:					
- doubtful trade receivables made/(written back)	9	301,597	(136,909)	100,300	(264,917)
- inventory obsolescence written back	7	-	(80,000)	-	(80,000)
Amounts due from an associate written off	11(a) & (b)	642,342	-	642,342	-
Allowance for diminution in value of:					
- investment in associate	5(a)	-	54,911	-	54,911
- other financial assets (written back)/made	12	(284,409)	247,609	(284,409)	247,609
Auditors' remuneration:					
- Auditors of the Company					
- current year		42,000	42,000	42,000	42,000
- underprovision in respect of prior year		3,354	8,641	3,354	8,641
- Other auditors:					
- current year		12,875	15,420	-	-
- underprovision in respect of prior year		6,180	-	-	-
Directors' fees		150,000	120,000	150,000	120,000
Directors' remuneration					
- directors of the Company		1,100,456	2,954,821	1,100,456	2,954,821
Non-audit fees paid to:					
- auditors of the Company		16,700	40,344	16,700	40,344
- other auditors		8,755	7,967	-	-
Non financial asset written off	6	39,500	-	39,500	-
Operating lease expenses		380,069	453,819	358,150	434,596
Pre-operating expenses written off		-	924,536	-	-
Property, plant and equipment written off		568,434	83,681	427,165	72,248

Notes to the Financial Statements

for the year ended 31 July 2002

23. Taxation

	The Group		The Company	
	2002 \$	2001 \$	2002 \$	2001 \$
<i>Current tax expense</i>				
Current year	280,051	744,000	268,000	744,000
Overprovided in prior years	(268,000)	-	(268,000)	-
	12,051	744,000	-	744,000
<i>Deferred tax expense</i>				
Origination and reversal of temporary differences	1,193,954	426,588	1,120,000	426,588
Reduction in tax rate	(470,000)	(170,588)	(470,000)	(170,588)
Tax benefits recognised	-	(179,951)	-	-
	723,954	76,049	650,000	256,000
	736,005	820,049	650,000	1,000,000

The Company has been granted pioneer status by the Economic Development Board for the production of compact discs. During the approved period which expires on 30 November 2003, the Company's pioneer profit derived from sale of approved pioneer products would be exempt from income tax. The tax charge for the year comprises deferred tax on timing differences that are expected to reverse at the end of the pioneer period and current taxation on non-pioneer activities of the Company.

Reconciliation of effective tax rate

The Group	2002 %	2002 \$	2001 %	2001 \$
Net profit before tax		6,546,577		24,378,426
Income tax using the domestic corporation tax rate	22.0	1,440,247	24.5	5,972,714
Effect of tax rates in foreign jurisdictions	0.5	30,585	-	(6,832)
Effect of reduction in tax rate	(7.2)	(470,000)	(0.7)	(170,588)
Non-deductible expenses	1.4	94,783	-	8,685
Tax exempt revenue	(1.2)	(77,750)	(21.8)	(5,330,290)
Overprovided in prior years	(4.1)	(268,000)	-	-
Others	(0.2)	(13,860)	1.4	346,360
	11.2	736,005	3.4	820,049

Notes to the Financial Statements

for the year ended 31 July 2002

23. Taxation (cont'd)

Reconciliation of effective tax rate (cont'd)

The Company	2002 %	2002 \$	2001 %	2001 \$
Net profit before tax		<u>5,655,294</u>		<u>26,145,072</u>
Income tax using the domestic corporation tax rate	22.0	1,244,164	24.5	6,405,543
Effect of reduction in tax rate	(8.3)	(470,000)	(0.7)	(170,588)
Non-deductible expenses	1.6	93,496	-	3,905
Tax exempt revenue	(1.4)	(77,750)	(20.4)	(5,330,290)
Overprovided in prior years	(4.7)	(268,000)	-	-
Others	2.3	128,090	0.3	91,430
	<u>11.5</u>	<u>650,000</u>	<u>3.8</u>	<u>1,000,000</u>

24. New/Revised Accounting Standards

(a) Adoption of new/revised accounting standards and their effects

During the financial year, the Group and the Company adopted eleven new or revised accounting standards as follows: -

SAS 10 (revised 2000) – Events after the Balance Sheet Date

The adoption of SAS 10 resulted in the Group and the Company reversing the liability for proposed dividends. The new accounting policy is to recognise proposed final dividends only after they have been formally declared payable by the shareholders. The change has been applied retrospectively by adjusting the opening balances of unappropriated profits at 1 August 2000 and 2001; comparatives have been restated.

SAS 34 (2000) – Intangible Assets

The adoption of SAS 34 resulted in the Group reversing the pre-operating expenses capitalised in prior years as they do not meet the recognition criteria given in the standard. The reversal has been applied retrospectively by adjusting the opening balances of unappropriated profits at 1 August 2000 and 2001; comparatives have been restated.

Other standards

The adoption of SAS 8 (revised 2000) – *Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies*, SAS 12 (revised 2001) – *Income Taxes*, SAS 17 (2000) – *Employee Benefits*, SAS 22 (revised 2000) – *Business Combinations*, SAS 31 (2000) – *Provisions, Contingent Liabilities and Contingent Assets*, SAS 32 (2000) – *Financial Instruments: Disclosure and Presentation*, SAS 35 (2000) – *Discontinuing Operations*, SAS 36 (2000) – *Impairment of Assets* and SAS 38 (2001) – *Financial Reporting in Hyperinflationary Economies*, has not given rise to any adjustments.

Notes to the Financial Statements

for the year ended 31 July 2002

24. New/Revised Accounting Standards (cont'd)

(b) Effects of changes in accounting policies

The changes in accounting policies have the following impact on unappropriated profit:

	The Group		The Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Effect of changes in accounting policy on unappropriated profit				
Opening unappropriated profit, as previously reported	56,530,507	51,130,650	56,952,597	51,130,650
Effect of adopting:				
- SAS 10 (dividends proposed)	19,321,250	4,456,290	19,321,250	4,456,290
- SAS 34 (intangible assets)	(721,684)	(70,555)	-	-
Opening unappropriated profit, as restated	75,130,073	55,516,385	76,273,847	55,586,940
Effect of changes in accounting policy on net profit for the year				
Net profit before changes in accounting policy	5,502,512	24,722,982	5,005,294	25,145,072
Effect of adopting:				
- SAS 34 (intangible assets)	-	(651,129)	-	-
Net profit for the year	5,502,512	24,071,853	5,005,294	25,145,072

25. Dividends

	The Group and The Company	
	2002	2001
	\$	\$
As previously reported:		
- Final tax-exempt dividend proposed of 0.25 cents per share	-	1,486,250
- Special tax-exempt dividend proposed of 3 cents per share	-	17,835,000
	-	19,321,250
Effect of adopting SAS 10:		
- Reversal of tax-exempt dividend proposed of 0.25 cents per share	-	(1,486,250)
- Reversal of tax-exempt dividend proposed of 3 cents per share	-	(17,835,000)
- Final tax-exempt dividend paid of 0.25 cents per share	-	1,486,055
- Special tax-exempt dividend paid of 0.5 cents per share	-	2,972,110
	-	4,458,165
Final tax-exempt dividend paid of 0.25 cents per share in respect of year 2001	1,486,475	-
Special tax-exempt dividend paid of 3 cents per share in respect of year 2001	17,837,700	-
	19,324,175	4,458,165

Notes to the Financial Statements

for the year ended 31 July 2002

25. Dividends (cont'd)

After the balance sheet date, the Directors proposed the following dividend that has not been provided for:

	The Group and The Company	
	2002	2001
	\$	\$
Final tax-exempt dividend of 1 cent (2001: 0.25 cents) per share	5,946,600	1,486,250
Special tax-exempt dividend of Nil cents (2001: 3 cents) per share	-	17,835,000
	5,946,600	19,321,250

26. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit after taxation of \$5,502,512 (2001: \$24,071,853) and the weighted average number of 594,603,333 (2001: 594,375,500) ordinary shares.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit after taxation of \$5,502,512 (2001: \$24,071,853) and the weighted average number of 594,899,689 (2001: 594,793,425) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

(c) Reconciliations

	2002	2001
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	594,603,333	594,375,500
Dilutive effect of potential ordinary shares	296,356	417,925
Weighted average number of ordinary shares used in calculating diluted earnings per share	594,899,689	594,793,425

27. Directors' Remuneration

Number of directors in remuneration bands:

	The Group and The Company	
	2002	2001
\$500,000 and above	-	2
\$250,000 to \$499,999	2	3
\$50,000 to \$249,999	3	-
Below \$50,000	5	4
	10	9

Notes to the Financial Statements

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28. Commitments

(a) Lease Commitments

The leasehold building which is owned by the Company, is built on land subject to a 60-year lease, commencing from 16 October 1993. The annual land rent payable under the lease agreement is \$358,150 (2001: \$394,750). The land rental is subject to review every year, with a maximum increase in rent not exceeding 7.6% of the annual rent for the preceding year.

(b) Capital Commitments

	The Group and The Company	
	2002	2001
	\$	\$
Contracted but not provided for	2,000,000	4,500,000
Authorised but not contracted for	8,000,000	7,500,000
	<u>10,000,000</u>	<u>12,000,000</u>

29. Contingent Liabilities

As at 31 July 2002, there were contingent liabilities in respect of the following:

	2002	2001
	\$	\$
Guarantees given to banks by the Company in respect of bank loans extended to a subsidiary	<u>5,768,000</u>	<u>6,168,000</u>

30. Segment Reporting - The Group

Segment information is presented in respect of the Group's geographical segments and is based on the Group's management and internal reporting structure. The Group operates in one business segment, media storage products used in content distribution.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Geographical Segment

2002	Singapore	Taiwan	Eliminations	Total
	\$	\$	\$	\$
Revenue and expenses				
Revenue	42,976,589	7,658,268	-	50,634,857
Inter-segment revenue	70,180	64,120	(134,300)	-
	<u>43,046,769</u>	<u>7,722,388</u>	<u>(134,300)</u>	<u>50,634,857</u>
Segment results	<u>5,655,294</u>	<u>1,453,880</u>	<u>(128,237)</u>	<u>6,980,937</u>
Finance costs				(434,360)
Taxation				(736,005)
Minority interests				(308,060)
				<u>5,502,512</u>

Notes to the Financial Statements

for the year ended 31 July 2002

30. Segment Reporting - The Group (cont'd)

Geographical Segment (cont'd)

2002	Singapore \$	Taiwan \$	Eliminations \$	Total \$
Assets and liabilities				
Segment assets	116,198,457	20,186,296	(7,807,439)	128,577,314
Segment liabilities	4,314,296	1,702,349	(44,670)	5,971,975
Unallocated liabilities:				
- borrowings				8,961,000
- tax				349,294
- deferred tax liability				5,149,653
				<u>20,431,922</u>
Other segmental information				
Capital expenditure	2,975,951	2,066,516	(1,264,200)	3,778,267
Depreciation	7,577,145	802,542	(3,068)	8,376,619
2001				
Revenue and expenses				
Revenue	73,496,524	2,515,944	-	76,012,468
Inter-segment revenue	231,605	27,079	(258,684)	-
	<u>73,728,129</u>	<u>2,543,023</u>	<u>(258,684)</u>	<u>76,012,468</u>
Segment results	26,161,383	(440,323)	(1,002,541)	24,718,519
Finance costs				(340,093)
Taxation				(820,049)
Minority interests				513,476
				<u>24,071,853</u>
Assets and liabilities				
Segment assets	133,473,607	19,041,017	(8,018,327)	144,496,297
Segment liabilities	7,508,890	1,943,271	(433,476)	9,018,685
Unallocated liabilities:				
- borrowings				8,660,900
- tax				789,000
- deferred tax liability				4,426,049
				<u>22,894,634</u>
Other segmental information				
Capital expenditure	5,546,849	2,164,484	(146,790)	7,564,543
Depreciation	7,445,321	475,344	-	7,920,665

Notes to the Financial Statements

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30. Segment Reporting - The Group (cont'd)

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the segment assets. Sales revenue based on the countries in which the customers are located is as follows:

Geographical segments by location of customers

Revenue	External sale \$	Inter-segments sales \$	Total \$
Year ended 31 July 2002			
Singapore	30,458,834	64,120	30,522,954
Taiwan	8,213,649	70,180	8,283,829
Others	11,962,374	-	11,962,374
Elimination	-	(134,300)	(134,300)
	50,634,857	-	50,634,857
Year ended 31 July 2001			
Singapore	57,874,364	27,079	57,901,443
Taiwan	4,311,938	231,605	4,543,543
Others	13,826,166	-	13,826,166
Elimination	-	(258,684)	(258,684)
	76,012,468	-	76,012,468

31. Financial Risk Management

Risk management is integral to the whole business of the Group. It is not just about the implementation of accounting controls to avoid the occurrence of risk, nor is it restricted to the identification of insurable risks or the creation of a risk adverse management. Rather it is the establishment of risk awareness in the Group to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

This section provides details of the Group's exposure to financial risks and describe the methods used by management to control such risks.

Currency risk

The Group incurs foreign currency risk arising mainly from sales, purchases and borrowings that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily the United States dollar and New Taiwan dollar.

Exposure to currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level with a view to determining the currency requirements of the Group.

Notes to the Financial Statements

for the year ended 31 July 2002

31. Financial Risk Management (cont'd)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be impacted from an adverse movement in interest rates.

The following table provides a breakdown of the effective interest rates in respect of interest-earning financial assets and interest-bearing financial liabilities of the Group and the Company at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

The Group 2002	Effective interest rate %	Within 1 year \$	1 to 5 years \$	Total \$
Financial assets				
Fixed deposits	1.6	41,206,467	-	41,206,467
Financial liabilities				
Obligations under finance lease	16.8	26,460	32,258	58,718
Long-term bank loan	4.9	6,643,500	-	6,643,500
Short-term bank loan	4.5	2,317,500	-	2,317,500
		8,987,460	32,258	9,019,718
The Company 2002				
Financial assets				
Fixed deposits	1.6	41,206,467	-	41,206,467

Credit risk

Credit risk is the potential financial loss resulting from failure of a customer or counterparty in settling their financial and contractual obligations to the Group, as and when they fall due.

The Group's primary exposure to credit risk arises through its trade receivables. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Other financial assets of the Group with exposure to credit risk include cash and fixed deposits, which are placed with financial institutions with good standing.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Notes to the Financial Statements

for the year ended 31 July 2002

31. Financial Risk Management (cont'd)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair value

At the balance sheet date, the fair values of all the Group's and the Company's financial assets and liabilities, except for balances with related parties, approximate their carrying amounts. The fair value of balances with related parties has not been computed as the timing of the repayments of these balances cannot be reasonably determined.

32. Comparative Information

Comparatives in the financial statements have been changed from the previous year due to the adoption of the requirements of the new and revised accounting standards stated in note 24 and, where necessary, to conform with the current year's presentation.

Shareholding Statistics

as at 16 October 2002

SHARE CAPITAL

Authorised Capital : 1,000,000,000 Shares @ \$0.05 each = \$50,000,000

Issued Capital : 594,361,000 Shares @ \$0.05 each = \$29,718,050

Voting Rights : = One vote per share

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 — 999	4	0.03	1,486	0.00
1,000 — 10,000	10,261	69.27	52,050,500	8.76
10,001 — 1,000,000	4,519	30.51	185,597,500	31.23
1,000,001 AND ABOVE	29	0.19	356,711,514	60.01
	14,813	100.00	594,361,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Number of shares registered in the name of the substantial shareholder	Number of shares in which substantial shareholders are deemed to have an interest	Total	%
Ng Cheow Chye	106,265,000	0	106,265,000	17.88
Ng Khim Guan @ Ngadimin	0	101,200,000	101,200,000	17.03
Uniseraya Holdings Pte Ltd	61,200,000	40,000,000	101,200,000	17.03
Kwek Li Chien @ Intan Soeliana	0	101,200,000	101,200,000	17.03

Shareholding Statistics

as at 16 October 2002

TOP TWENTY SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES HELD	%
1	NG CHEOW CHYE	106,265,000	17.88
2	UNISERAYA HOLDINGS PTE LTD	61,200,000	10.30
3	SINGAPORE NOMINEES PTE LTD	31,848,000	5.36
4	DBS NOMINEES PTE LTD	26,216,052	4.41
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	25,505,000	4.29
6	HSBC (SINGAPORE) NOMINEES PTE LTD	20,569,000	3.46
7	OVERSEA-CHINESE BANK NOMINEES PTE LTD	12,952,970	2.18
8	CITIBANK NOMINEES SINGAPORE PTE LTD	9,951,048	1.67
9	RAFFLES NOMINEES PTE LTD	7,904,000	1.33
10	DBS VICKERS SECS (S) PTE LTD	7,492,000	1.26
11	PHILLIP SECURITIES PTE LTD	5,936,444	1.00
12	OCBC SECURITIES PRIVATE LTD	5,689,000	0.96
13	CITIBANK CONSUMER NOMINEES PTE LTD	4,964,000	0.83
14	UOB KAY HIAN PTE LTD	3,561,000	0.60
15	KIM ENG ONG ASIA SECURITIES PTE LTD	3,551,000	0.60
16	HSBC REPUBLIC BANK (SUISSE) SA	2,750,000	0.46
17	KB NOMINEES PTE LTD	2,748,000	0.46
18	NG CHEOW GEOK	2,000,000	0.34
19	HONG LEONG FINANCE NOMINEES PTE LTD	1,812,000	0.30
20	DB NOMINEES (S) PTE LTD	1,772,000	0.30
		<u>344,686,514</u>	<u>57.99</u>

SHAREHOLDINGS IN THE HANDS OF PUBLIC AS AT 16 OCTOBER 2002

The percentage of shareholdings in the hands of the public is approximately 50% and hence the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of the Company will be held at Carlton Hotel, Esplanade Room 2 - Level 4, 76 Bras Basah Road, Singapore 189558 on Friday, 29 November 2002 at 2.30 p.m. to transact the following businesses:-

Ordinary Business

- 1 To receive and consider the financial statements for the financial year ended 31 July 2002 and the directors' and auditors' reports thereon.
- 2 To declare a tax-exempt first and final dividend of 1 cent per share in respect of the financial year ended 31 July 2002.
- 3 To approve directors' fees of \$150,000 for the financial year ended 31 July 2002 (2001 : \$120,000).
- 4 To re-elect the following directors retiring by rotation pursuant to Article 100 of the Company's Articles of Association:-
 - (a) Mr Ng Leok Cheng
 - (b) Mr Hee Theng Fong

Note : Mr Hee Theng Fong, if re-elected, will remain an audit committee member and will be considered an independent director.
 - (c) Mr Hilary Quah Lam Seng

Note : Mr Hilary Quah Lam Seng, if re-elected, will remain an audit committee member and will be considered an independent director.
- 5 To re-appoint KPMG as auditors and to authorise the directors to fix their remuneration.

Special Business

- 6 To consider and, if thought fit, to pass with or without any modifications, the following resolutions as ordinary resolutions:-
 - (a) That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the directors to issue shares in the capital of the Company (whether by way of rights, bonus or otherwise) 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 provided that:-
 - (i) the aggregate number of shares to be issued pursuant to this resolution does not exceed 50% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

Notice Of Annual General Meeting

- (ii) notwithstanding the provisions of Article 49(2)(i) of the Articles of Association of the Company, for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be calculated based on the maximum potential issued share capital of the Company as at the date of the passing of this resolution (including all shares which may be issued upon 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), adjusted for any subsequent consolidation or subdivision of shares; and
 - (iii) 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.
- (b) That approval be and is hereby given to the directors to offer and grant options in accordance with the provisions of the DT Share Option Scheme 1999 (including options over shares at a subscription price per share set at a discount to the market price of a share) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the DT Share Option Scheme 1999, provided that the aggregate number of shares to be issued pursuant to the DT Share Option Scheme 1999 shall not exceed 15% of the issued share capital of the Company from time to time.

AND to transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board

Lee Kay Beng
Company Secretary

Singapore
6 November 2002

Statement Pursuant To Article 62 Of The Company's Articles Of Association

Resolution no. 6(a) is to empower the directors to issue shares in the capital of the Company up to an amount not exceeding in total 50% of the issued share capital of the Company, with a sub-limit of 20% for shares issued other than on a pro rata basis 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 maximum potential issued share capital as at the date of the passing of the resolution (including all shares which may be issued upon 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 the resolution), adjusted for 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.

Resolution no. 6(b) is to empower the directors to offer and grant options and to allot and issue shares in the capital of the Company pursuant to the DT Share Option Scheme 1999 provided that the aggregate number of shares to be issued shall not exceed 15% of the issued share capital of the Company from time to time.

Note

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be lodged at the Company's registered office at 15A Tai Seng Drive, Datapulse Industrial Building, Singapore 535225 not less than 48 hours before the time appointed for the Annual General Meeting.

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PROXY FORM
TWENTY-SECOND ANNUAL GENERAL MEETING

Important:

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

I/We _____ NRIC/Passport No. _____

of _____

being a member/members of Datapulse Technology Limited hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

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as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Twenty-Second Annual General Meeting of the Company to be held at Carlton Hotel, Esplanade Room 2 - Level 4, 76 Bras Basah Road, Singapore 189558 on Friday, 29 November 2002 at 2.30 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Ordinary Resolutions	For	Against
1	To receive and consider the financial statements and directors' and auditors' reports		
2	To declare a tax-exempt first and final dividend		
3	To approve directors' fees		
4	(a) To re-elect Mr Ng Leok Cheng as director		
	(b) To re-elect Mr Hee Theng Fong as director		
	(c) To re-elect Mr Hilary Quah Lam Seng as director		
5	To re-appoint KPMG as auditors		
6	Special Business		
	(a) To authorise directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50		
	(b) To authorise directors to offer and grant options and allot and issue shares pursuant to the DT Share Option Scheme 1999		

Dated this _____ day of _____ 2002

Total Number of Shares Held

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

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 15A Tai Seng Drive, Datapulse Industrial Building, Singapore 535225 not less than 48 hours before the time set for the meeting.
- 4 Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
- 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.