
INFORMATION ON UCSB

1. HISTORY AND BUSINESS

UCSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 24 March 1998. UCSB is principally involved in research and development, software engineering, system integration, project management and maintenance and support for the telecommunication industry.

2. SHARE CAPITAL**2.1 Authorised and issued and paid-up share capital**

The authorised and issued and paid-up share capital of UCSB are as follows:

As at 30 April 2002	No. of ordinary shares	Par value RM	Total RM
Authorised	5,000,000	1.00	5,000,000
Issued and fully paid-up	1,000,200	1.00	1,000,200

2.2 Changes in issued and paid-up share capital

The changes in the issued and paid-up share capital of UCSB since incorporation up to 30 April 2002 are as follows:

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Total RM
24 March 1998	2	1.00	Cash	2
16 September 1998	10,000	1.00	Cash	10,002
20 November 2000	990,198	1.00	Bonus Issue of ninety-nine (99) new shares for every one (1) share held	1,000,200

3. MAJOR SHAREHOLDERS

The substantial shareholders of UCSB and their shareholdings as at 30 April 2002 are as follows:

Shareholder	Direct		Indirect		Nationality/ Country of incorporation
	No. of shares held	% held	No. of shares held	% held	
Wong Tze Leng	749,950	74.98	-	-	Malaysian
PrimeAce Holdings Sdn Bhd	250,050	25.00	-	-	Malaysia
Linear Corporation Berhad*			250,050	25.00	Malaysia

Note:

* By virtue of its 100% shareholding in PrimeAce Holdings Sdn Bhd

4. BOARD OF DIRECTORS

The Directors of UCSB and their shareholdings in UCSB as at 30 April 2002 are as follows:

Name	Direct		Indirect		Nationality
	No. of shares held	% held	No. of shares held	% held	
Wong Tze Leng	749,950	74.98	-	-	Malaysian
Lum Weng Loy	-	-	250,050*	25.0	Malaysian

Note:

* Deemed interest by virtue of his shareholding in PrimeAce Holdings Sdn Bhd

5. SUBSIDIARY AND ASSOCIATED COMPANIES

UCSB has no subsidiary and associated companies as at 30 April 2002.

6. PROFIT AND DIVIDEND RECORD

The audited results of the UCSB based on its audited accounts from date of incorporation until 31 December 1998 and for the past two (2) years ended 31 December 2000 are as follows:

	←-----Financial year ended 31 December----->		
	From date of incorporation to 31 December 1998 RM'000	1999 RM'000	2000 RM'000
Operating revenue	382	4,211	6,799
Profit/(Loss) before taxation	(23)	1,633	1,174
Exceptional Item (EI)	-	-	-
Profit/(Loss) before taxation and after EI	(23)	1,633	1,174
Taxation	-	-	(431)
Profit/(Loss) after taxation	(23)	1,633	743
Paid-up capital ('000)	10	10	1,000
Net Earnings/(Loss) per share (sen)	(2.34)	163.29	0.74
NTA (RM'000)	(13)	1,620	2,363
NTA per share (RM)	(1.34)	161.95	2.36
Gross dividend (%)	-	-	-

Note:

The loss of RM23, 000 for the period ended 31 December 1998 is due to the incorporation and initial set up cost of UCSB.

7. THE AUDITED ACCOUNTS OF UCSB FOR THE YEAR ENDED 31 DECEMBER 2000 AND THE AUDITORS' REPORT THEREON ARE REPRODUCED HEREIN

Unified Communications Sdn Bhd (459754-P)
(Incorporated in Malaysia)

**Income statement
for the year ended 31 December 2000**

	Note	2000 RM	1999 RM
Revenue	4	6,799,169	4,210,597
Cost of sales		<u>(3,957,964)</u>	<u>(2,038,782)</u>
Gross profit		2,841,205	2,171,815
Distribution expenses		(539,942)	(181,143)
Administrative expenses		<u>(1,127,228)</u>	<u>(357,477)</u>
Profit from ordinary activities before taxation	5	1,174,035	1,633,195
Taxation	6	<u>(430,700)</u>	-
Net profit from ordinary activities after taxation		<u><u>743,335</u></u>	<u><u>1,633,195</u></u>

The above income statement is to be read in conjunction with the notes to the financial statements on pages 69 to 75.

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Unified Communications Sdn Bhd (459754-P)
(Incorporated in Malaysia)

**Balance sheet
as at 31 December 2000**

	Note	2000 RM	1999 RM
Non current assets			
Property, plant and equipment	7	785,056	504,922
Current assets			
Inventories	8	1,447,161	-
Trade receivables less provision for doubtful debts RM48,918 (1999: Nil)		1,302,355	2,057,230
Other receivables, deposits and prepayments less provision for doubtful debts RM217,603 (1999: Nil)		156,124	222,904
Cash and bank balances		399,022	462
		3,304,662	2,280,596
Current liabilities			
Trade payables		60,896	1,058,908
Other payables and accrued liabilities		179,368	86,220
Amounts owing to a director	9	1,055,633	16,313
Taxation		297,700	-
Bank overdraft		-	4,291
		1,593,597	1,165,732
Net current assets		1,711,065	1,114,864
Non current liabilities			
Deferred taxation	10	(133,000)	-
		2,363,121	1,619,786
Capital and reserves			
Share capital	11	1,000,200	10,002
Unappropriated profit		1,362,921	1,609,784
		2,363,121	1,619,786

The above balance sheet is to be read in conjunction with the notes to the financial statements on pages 69 to 75.

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Unified Communications Sdn Bhd (459754-P)
(Incorporated in Malaysia)

**Statement of changes in equity
for the year ended 31 December 2000**

	<u>Issued and fully paid ordinary shares of RM1 each</u>		<u>Distributable (Accumulated loss)/ unappropriated profit</u>	<u>Total</u>
	<u>Number of shares</u>	<u>Nominal value RM</u>	<u>RM</u>	<u>RM</u>
At 1 January 1999	10,002	10,002	(23,411)	(13,409)
Net profit for the year	-	-	1,633,195	1,633,195
At 31 December 1999	10,002	10,002	1,609,784	1,619,786
Net profit for the year	-	-	743,335	743,335
Bonus issue (99: 1)	990,198	990,198	(990,198)	-
At 31 December 2000	<u>1,000,200</u>	<u>1,000,200</u>	<u>1,362,921</u>	<u>2,363,121</u>

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements on pages 69 to 75.

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Unified Communications Sdn Bhd (459754-P)
(Incorporated in Malaysia)

**Cash flow statement
for the year ended 31 December 2000**

	Note	2000 RM	1999 RM
Cash flows from operating activities			
Profit from ordinary activities after taxation		743,335	1,633,195
Adjustments for:-			
Depreciation		224,661	127,606
Taxation		430,700	-
Provision for doubtful debts		266,521	48,212
Loss on disposal of property, plant and equipment		30,063	-
Property, plant and equipment written off		119,254	5,054
Changes in working capital		1,814,534	1,814,067
Inventories		(1,447,161)	284,973
Receivables		555,134	(2,166,136)
Payables		(904,864)	885,710
Net cash from operating activities		17,643	818,614
Cash flows used in investing activities			
Purchase of property, plant and equipment		(654,112)	(615,580)
Net cash used in investing activities		(654,112)	(615,580)
Cash flows from/(used in) financing activities			
Advances from/(Repayment to) directors		1,039,320	(224,568)
Net cash from/(used in) financing activities		1,039,320	(224,568)
Net increase/(decrease) in cash and cash equivalents during the year		402,851	(21,534)
Cash and cash equivalents at beginning of the year		(3,829)	17,705
Cash and cash equivalents at end of the year	12	399,022	(3,829)

The above cash flow statement is to be read in conjunction with the notes to the financial statements on pages 69 to 75.

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Unified Communications Sdn Bhd (459754-P)
(Incorporated in Malaysia)

**Notes to the financial statements
for the year ended 31 December 2000**

1 General information

The principal activities of the Company are research and development, software engineering, system integration, project management and maintenance and support for telecommunication industry.

The number of employees in the Company at the end of the year amounted to 27 (1999: 17) employees.

The Company is a private limited company, incorporated and domiciled in Malaysia.

The address of the registered office of the Company is as follows:

Room 231, 2nd Floor Wisma IJM,
Jalan Yong Shook Lin,
46050 Petaling Jaya

The principal place of business of the Company is as follows:

Suite E-05-16, Plaza Mont' Kiara,
No. 2, Jalan 1/70C, Mont' Kiara,
50480 Kuala Lumpur

2 Basis of preparation of the financial statements

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved Accounting Standards in Malaysia.

3 Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Unified Communications Sdn Bhd (459754-P)

(Incorporated in Malaysia)

3 Significant accounting policies (continued)

Receivables

Trade receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end.

Property, plant and equipment

The cost of property, plant and equipment comprises their purchase cost and any incidental costs of acquisition.

Depreciation of property, plant and equipment is calculated so as to write off their cost on a straight line basis over the expected useful lives of the assets concerned. The annual rates are:

	%
Telecommunication equipment	20
Research and development equipment	20
Furniture, fittings and renovation	10 - 20
Office equipment	20

Where the carrying amount of an property, plant and equipment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis and includes all direct purchase and incidental costs required to bring the inventories to their present location and condition. Provision is made where necessary for obsolete, slow moving and defective inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Deferred taxation

Provision is made using the liability method for taxation deferred in respect of all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax assets are not recognised unless there is a reasonable expectations of their realisation.

Unified Communications Sdn Bhd (459754-P)

(Incorporated in Malaysia)

3 Significant accounting policies (continued)

Revenue recognition

Revenue are recognised upon delivery of products and customer acceptance, or performance of services, net of sales returns and discounts.

Foreign currency translation

Foreign currency monetary assets and liabilities are translated to Ringgit Malaysia at rates of exchange ruling on the balance sheet date and foreign currency transactions during the year, are converted at rates of exchange ruling on the transaction dates. Differences on exchange are included in the income statement.

The principal closing rate used in translation of foreign currency amounts was as follows:

Foreign currency	31.12.2000	3.12.1999
1 USD	3.80	3.80

Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4 Revenue

	2000 RM	1999 RM
Sales of equipment	4,126,277	2,315,567
Sales of software systems	1,827,631	1,895,030
Revenue sharing income	845,261	-
	<u>6,799,169</u>	<u>4,210,597</u>

Unified Communications Sdn Bhd (459754-P)
(Incorporated in Malaysia)

5 Profit from ordinary activities before taxation

	2000 RM	1999 RM
Profit from ordinary activities before taxation is stated after charging:		-
Auditors' remuneration	15,000	5,500
Staff cost	1,041,945	451,512
Depreciation of property, plant and equipment	224,661	127,606
Property, plant and equipment written off	119,254	5,054
Loss on disposal of property, plant and equipment	30,063	-
Rental of premises	78,050	315
Provision for doubtful debts	<u>266,521</u>	<u>48,212</u>

6 Taxation

	2000 RM	1999 RM
Taxation based on the results for the financial year:-		
Malaysian income tax	297,700	-
Transfer from deferred taxation	133,000	-
	<u>430,700</u>	<u>-</u>

The effective tax rate of the Company for the year was higher than the statutory rate prevailing in Malaysia because certain expenses were not deductible for tax purposes.

The Company has sufficient tax credit under section 108 of the Income Tax Act, 1967, which subject to agreement with the Inland Revenue Board, are available to frank the payment of net dividends up to RM765,000 out of its unappropriated profits at 31 December 2000.

Unified Communications Sdn Bhd (459754-P)
(Incorporated in Malaysia)

7 Property, plant and equipment

The details of property, plant and equipment are as follows:

2000	Telecom- munication equipment RM	Research and development equipment RM	Furniture, fittings and renovation RM	Office equipment RM	Total RM
Cost					
At 1 January	-	581,873	1,545	54,610	638,028
Additions	275,166	143,834	67,768	167,344	654,112
Disposals	(37,578)	-	-	-	(37,578)
Written off	-	(141,774)	(8,379)	(5,016)	(155,169)
At 31 December	237,588	583,933	60,934	216,938	1,099,393
Accumulated depreciation					
At 1 January	-	116,375	309	16,422	133,106
Charge for the year	85,222	89,959	6,093	43,387	224,661
Disposals	(7,515)	-	-	-	(7,515)
Written off	-	(33,368)	(309)	(2,238)	(35,915)
At 31 December	77,707	172,966	6,093	57,571	314,337
Net book value					
At 31 December	159,881	410,967	54,841	159,367	785,056

1999	Research and development equipment RM	Furniture and fittings RM	Office equipment RM	Total RM
Cost				
At 1 January	-	-	27,502	27,502
Additions	581,873	1,545	32,162	615,580
Written off	-	-	(5,054)	(5,054)
At 31 December	581,873	1,545	54,610	638,028
Accumulated depreciation				
At 1 January	-	-	5,500	5,500
Charge for the year	116,375	309	10,922	127,606
At 31 December	116,375	309	16,422	133,106
Net book value				
At 31 December	465,498	1,236	38,188	504,922

Unified Communications Sdn Bhd (459754-P)
(Incorporated in Malaysia)

8 Inventories

	2000 RM	1999 RM
Finished goods, at cost	<u>1,447,161</u>	<u>-</u>

9 Amount owing to a director

The amount owing to a director is unsecured, interest free and has no fixed terms of repayment.

10 Deferred taxation

	2000 RM	1999 RM
Transfer to income statement	<u>133,000</u>	<u>-</u>
At 31 December	<u>133,000</u>	<u>-</u>

Deferred taxation has been provided for all timing differences.

11 Share capital

	2000 RM	1999 RM
Ordinary shares of RM1.00 each:		
Authorised:		
At 1 January	100,000	100,000
Created during the year	4,900,000	-
At 31 December	<u>5,000,000</u>	<u>100,000</u>
Issued and paid up:		
At 1 January	10,002	10,002
Bonus issue (99: 1)	990,198	-
At 31 December	<u>1,000,200</u>	<u>10,002</u>

Unified Communications Sdn Bhd (459754-P)
(Incorporated in Malaysia)

12 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following:

	2000 RM	1999 RM
Cash and bank balances	399,022	462
Bank overdraft	-	(4,291)
	<u>399,022</u>	<u>(3,829)</u>

13 Capital commitment

(a) Capital expenditure in respect of renovation work:

	2000 RM	1999 RM
Authorised and contracted for	<u>92,940</u>	<u>-</u>

(b) Lease commitments

	2000 RM	1999 RM
Within twelve months	129,600	-
More than twelve months	127,400	-
	<u>257,000</u>	<u>-</u>

14 Comparative figures

Comparative figures were extended to comply with the additional disclosure requirements of the 13 new MASB Standards that are applicable for the year ended 31 December 2000.

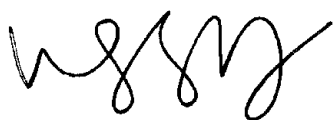
Unified Communications Sdn Bhd (459754-P)

(Incorporated in Malaysia)

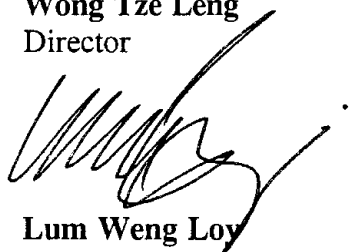
**Statement by Directors pursuant to
Section 169(15) of the Companies Act, 1965**

We, Wong Tze Leng and Lum Weng Loy, being two of the Directors of Unified Communications Sdn Bhd, state that in the opinion of the Directors, the financial statements set out on pages 65 to 75 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2000 and of its results and cash flows for the year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 24 May 2001.



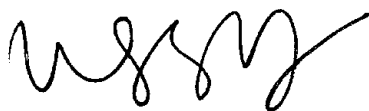
Wong Tze Leng
Director



Lum Weng Loy
Director

Statutory declaration

I, Wong Tze Leng, being the Director primarily responsible for the financial management of Unified Communications Sdn Bhd, do solemnly and sincerely declare that the financial statements set out on pages 65 to 75 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

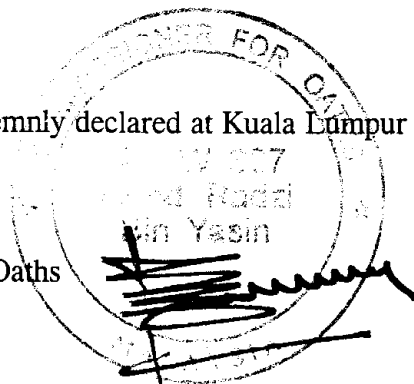


Wong Tze Leng
Director

Subscribed and solemnly declared at Kuala Lumpur on 24 May 2001.

Before me:

Commissioner for Oaths



Ms M-B 108-B
Jalan Ipoh
51200 KUALA LUMPUR

**Report of the auditors to the members of
Unified Communications Sdn Bhd (4599754-P)**
(Incorporated in Malaysia)

PricewaterhouseCoopers
(AF 1146)
Public Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 (3) 2693 1077
Facsimile +60 (3) 2693 0997

We have audited the financial statements set out on pages 65 to 75. 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.

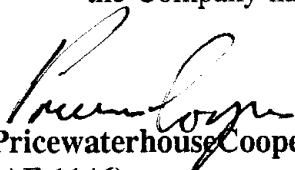
We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

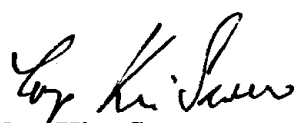
In our opinion:

- (a) the financial statements have been prepared in accordance with the provision of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company as at 31 December 2000 and of the results and cash flow of the Company for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


PricewaterhouseCoopers
(AF:1146)
Public Accountants


Yap Kim Swee
(1654/10/02(J))
Partner

Kuala Lumpur
24 May 2001

INFORMATION ON UCPL

1. HISTORY AND BUSINESS

UCPL was incorporated in Singapore on 28 May 1998. UCPL is principally involved in design and development of telecommunication software and trading of telecommunication products.

2. SHARE CAPITAL**2.1 Authorised and issued and paid-up share capital**

The authorised and issued and paid-up share capital of UCPL are as follows:

As at 30 April 2002	No. of ordinary shares	Par value SGD	Total SGD
Authorised	5,000,000	1.00	5,000,000
Issued and fully paid-up	1,000,000	1.00	1,000,000

2.2 Changes in issued and paid-up share capital

The changes in the issued and paid-up share capital of UCPL since incorporation up to 30 April 2002 are as follows:

Date of allotment	No. of ordinary shares	Par value SGD	Consideration	Total SGD
28 May 1998	2	1.00	Cash	2
1 August 2000	59,998	1.00	Cash	60,000
26 July 2001	940,000	1.00	Bonus Issue of forty-seven (47) new shares for every three (3) shares held	1,000,000

3. MAJOR SHAREHOLDERS

The major shareholders of UCPL and their shareholdings as at 30 April 2002 are as follows:

Shareholder	Direct		Indirect		Nationality/ Country of incorporation
	No. of shares held	% held	No. of shares held	% held	
Wong Tze Leng	749,983	74.99	-	-	Malaysian
PrimeAce Holdings Sdn Bhd	250,000	25.00	-	-	Malaysia
Linear Corporation Berhad*			250,000	25.00	Malaysia

Note:

* By virtue of its 100% shareholding in PrimeAce Holdings Sdn Bhd

4. BOARD OF DIRECTORS

The Directors of UCPL and their shareholdings in UCPL as at 30 April 2002 are as follows:

Name	Direct		Indirect		Nationality
	No. of shares held	% held	No. of shares held	% held	
Wong Tze Leng	749,983	74.99	-	-	Malaysian
Lum Weng Loy	-	-	250,050*	25.0	Malaysian

Note:

* Deemed interest by virtue of his shareholding in PrimeAce Holdings Sdn Bhd

5. SUBSIDIARY AND ASSOCIATED COMPANIES

Name of Company	Date and place of incorporation	% of interest held	Principal activities
Unified Communications China Pte Ltd (formerly known as <i>Localescence Pte Ltd</i>)	14 Sept 2001, Singapore	100	Dormant
Attrix Technology Pte Ltd	21 December, 2001 Singapore	100	Trading of telecommunication products

6. PROFIT AND DIVIDEND RECORD

The audited results of the UCPL based on its audited accounts for the 16-month period ended 30 September 1999 and 15-month period ended 31 December 2000 are as follows:

	←-----Financial period ended-----→	
	(16 months) 30.9.1999 SGD'000	(15 months) 31.12.2000 SGD'000
Operating revenue	4,236	11,964
Profit before taxation	34	1,657
Exceptional Item (EI)	-	-
Profit before taxation and after EI	34	1,657
Taxation	-	(425)
Profit after taxation	34	1,232
Annualised profit after taxation	25.5	985.6
Paid-up capital	2	60,000
Annualised Net Earnings per share (SGD)	12,750	16.43
NTA	34	1,326
NTA per share (SGD)	17,000	22.11
Gross dividend (%)	-	-

It is the policy of the Board of Directors of UCPL in recommending dividends to allow shareholders to participate in the profits of UCPL as well as leaving adequate reserves for the future growth of UCPL. The proposed dividend would depend on UCPL's results of operations, financial condition, cash requirements and other factors deemed relevant by the Board of Directors of UCPL.

7. THE ACCOUNTANT'S REPORT ON UNITED COMMUNICATIONS PTE LTD ARE REPRODUCED HEREIN



BDO Binder AF 0208
Chartered Accountants

15th Floor Wisma Hamzah Kwong Hing
No. 1 Leboh Ampang 50100 Kuala Lumpur
Malaysia
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Telefax : (603) 2078 7045, 2078 8949

**ACCOUNTANTS' REPORT ON
UNIFIED COMMUNICATIONS PTE LTD**

Date: 10 May 2002

BDO Binder
Chartered Accountants
15th Floor, Wisma Hamzah Kwong Hing
No. 1, Leboh Ampang
50100 Kuala Lumpur

The Board of Directors
Worldwide Matrix Sdn Bhd
Level 3A (Tower Block)
Menara Milemium
No.8 Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

Dear Sirs

UNIFIED COMMUNICATIONS PTE LTD ("UCPL")

1. INTRODUCTION

This report has been prepared for inclusion in the Circular of Advance Synergy Berhad to be dated 24 May 2002 in connection with the Proposed Acquisitions by Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of Advance Synergy Berhad, of a 70% equity interest in Unified Communications Pte Ltd comprising 700,000 ordinary shares of SGD1.00 each for a total cash consideration of RM45,000,000 and a 70% equity interest in Unified Communications Sdn Bhd comprising 700,140 ordinary shares of RM1.00 each for a total cash consideration of RM54,000,000 from Mr Wong Tze Leng.

2. GENERAL INFORMATION

2.1 History

UCPL was incorporated in Singapore on 28 May 1998 as a private limited liability company.

2.2 Principal Activities

The principal activities of the Company consist of design and development of telecommunication software and trading of telecommunication products.

3. **FINANCIAL STATEMENTS AND AUDITORS**

The statutory financial statements of UCPL for the financial period ended 30 September 1999 and 31 December 2000 were audited by another firm of auditors and were reported on by them without any qualification.

4. **SHARE CAPITAL**

Authorised Shared Capital

The authorised share capital of UCPL as at the date of incorporation was SGD100,000 divided into 100,000 ordinary shares of SGD1.00 each. On 26 July 2001, the authorised share capital of UCPL was increased from SGD100,000 to SGD5,000,000 by the creation of 4,900,000 ordinary shares of SGD1.00 each.

Issued and Fully Paid-Up Share Capital

The issued and paid-up share capital of UCPL as at 31 December 2000 is SGD60,000 comprising 60,000 ordinary shares of SGD1 each.

Details of changes in the issued and paid-up share capital of the Company since incorporation are as follows:-

<u>Date of Allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Par value SGD</u>	<u>Consideration</u>	<u>Total issued and paid-up share capital SGD</u>
28.5.1998	2	1	Cash	2
1.8.2000	59,998	1	Note (a)	60,000
26.7.2001	940,000	1	Bonus issue	1,000,000

Note (a) - Capitalisation of amount owing to a director.

5. **DIVIDENDS**

No dividends have been paid or declared by the Company since its incorporation on 28 May 1998.

6. SUMMARISED INCOME STATEMENTS

The summarised audited results of UCPL for the financial period ended 30 September 1999 and 31 December 2000 are set out below:-

	28.5.1998 to 30.9.1999 SGD	1.10.1999 to 31.12.2000 SGD	28.5.1998 to 30.9.1999 RM	1.10.1999 to 31.12.2000 RM
Revenue	4,236,277	11,963,946	9,370,645	26,464,249
Operating profit before charging depreciation and interest	81,144	1,790,117	179,490	3,959,739
Depreciation	(43,430)	(132,685)	(96,067)	(293,499)
Interest	(3,776)	-	(8,353)	-
Profit before taxation	33,938	1,657,432	75,070	3,666,240
Taxation	-	(425,000)	-	(940,100)
Profit for the year and attributable to shareholders	33,938	1,232,432	75,070	2,726,140
Number/Weighted average of ordinary shares in issue	2	20,001	2	20,001
Earnings per share (SGD/RM)	16,969	62	37,535	136
Dividend (%)	-	-	-	-

Note

- (i) *There were no extraordinary items for the financial periods under review.*
- (ii) *Taxation*

There is no provision for taxation on the financial period ended 30 September 1999 as there is excessive amount of capital allowance available to set-off against chargeable income.
- (iii) *The increase in UCPL's turnover for the financial period 2000 as compared to financial period 1999 is mainly due to the increase acceptance of the Company's products and services which has in turn resulted in the improvement of the profit after tax.*
- (iv) *Earnings per share was calculated based on UCPL's profit after taxation divided by the weighted average number of ordinary shares in issue during each financial period.*
- (v) *The audited Income Statements of UCPL, which were prepared in SGD, have been translated into Ringgit Malaysia at an exchange rate of SGD1.00 = RM2.212.*

7. SUMMARISED BALANCE SHEETS

The summarised audited balance sheets of UCPL as at the end of financial period ended 30 September 1999 and 31 December 2000 are set out below:-

	<u>30.9.1999</u> SGD	<u>31.12.2000</u> SGD	<u>30.9.1999</u> RM	<u>31.12.2000</u> RM
<u>ASSETS EMPLOYED</u>				
PROPERTY, PLANT AND EQUIPMENT	165,128	776,935	365,263	1,718,580
CURRENT ASSETS	1,730,520	4,859,245	3,827,910	10,748,650
CURRENT LIABILITIES	(1,861,708)	(4,284,810)	(4,118,099)	(9,478,000)
NET CURRENT (LIABILITIES)/ASSETS	(131,188)	574,435	(290,189)	1,270,650
	<u>33,940</u>	<u>1,351,370</u>	<u>75,074</u>	<u>2,989,230</u>
<u>FINANCED BY</u>				
SHARE CAPITAL	2	60,000	4	132,720
RETAINED PROFITS	33,938	1,266,370	75,070	2,801,210
SHAREHOLDERS' FUNDS	33,940	1,326,370	75,074	2,933,930
DEFERRED LIABILITY	-	25,000	-	55,300
	<u>33,940</u>	<u>1,351,370</u>	<u>75,074</u>	<u>2,989,230</u>
NTA per share (SGD/RM)	<u>16,970</u>	<u>22</u>	<u>37,537</u>	<u>49</u>

Note

- (i) *The audited Balance Sheets of UCPL, which were prepared in SGD, have been translated into Ringgit Malaysia at an exchange rate of SGD1.00 = RM2.212.*

8. STATEMENT OF ASSETS AND LIABILITIES

The following are statements of assets and liabilities of UCPL based on the audited financial statements as at 31 December 2000 and should be read in conjunction with the notes thereon.

	<u>NOTE</u>	<u>2000 SGD</u>	<u>2000 RM</u>
ASSETS EMPLOYED			
PROPERTY, PLANT AND EQUIPMENT	9.5	776,935	1,718,580
CURRENT ASSETS			
Inventories	9.6	2,028,352	4,486,715
Trade receivables	9.7	2,504,955	5,540,960
Other receivables, deposits and prepayments	9.8	76,093	168,318
Amounts owing by related parties (Non-trade)	9.9	6,224	13,767
Cash and bank balances		243,621	538,890
		4,859,245	10,748,650
LESS: CURRENT LIABILITIES			
Trade payables		2,882,449	6,375,977
Amount due to customers	9.10	392,275	867,712
Accruals and provision	9.11	411,373	909,957
Amounts owing to related parties (Trade)	9.12	86,758	191,909
Amounts owing to related parties (Non-trade)	9.12	24,622	54,464
Amount owing to a director	9.13	87,333	193,181
Taxation		400,000	884,800
		4,284,810	9,478,000
NET CURRENT ASSETS		574,435	1,270,650
		1,351,370	2,989,230
<u>FINANCED BY</u>			
SHARE CAPITAL	9.14	60,000	132,720
RETAINED PROFIT		1,266,370	2,801,210
SHAREHOLDERS' EQUITY		1,326,370	2,933,930
DEFERRED LIABILITY			
Deferred taxation		25,000	55,300
		1,351,370	2,989,230

9 NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

9.1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Singapore.

The registered office of the Company is located at 390, Havelock Road, #04-06 King's Centre, Singapore 169662.

9.2 PRINCIPAL ACTIVITIES

The principal activities of the Company consists of design and development of telecommunication software and trading of telecommunication products.

9.3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia.

9.4 SIGNIFICANT ACCOUNTING POLICIES

9.4.1 Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9.4.2 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at period-end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

The principal closing rates used in the translation of foreign currency amounts is as follows:-

Foreign currency	31.12.2000
1 US Dollar	SGD1.8325

9.4.3 Revenue recognition

Revenue from sale of goods is recognised upon passage of title to the customers, which generally coincides with their delivery and acceptance.

Revenue and profit from contracts are recognised on an individual contract basis using the percentage of completion method, when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the total contract revenue to be received and costs to complete can be reliably estimated.

The percentage of completion is estimated by the Company's management with reference to the stage of completion of the work as accepted by the customer.

Where it is probable that a loss will arise from a contract, the excess of total estimated costs over revenue is recognised as an expense immediately.

Revenue from maintenance contracts is recognised on a straight line basis over the period of the respective contracts.

Revenue from the rendering of services is recognised on an accrual basis.

Interest income is accrued on a day-to-day basis.

9.4.4 Taxation

Tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is provided on significant timing differences arising from the different treatments in accounting and taxation of relevant items.

In accounting for timing differences, deferred tax assets are not recognised unless there is reasonable expectation of their realisation.

9.4.5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts.

9.4.6 Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written off during the financial period in which they are identified.

9.4.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

9.4.8 Contract work in progress

Contract work in progress is stated at the aggregate of contract costs incurred to date plus profits recognised based on the value of work completed less progress billings and provision for foreseeable losses.

For contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under current liabilities as amount due to customers.

Cost includes both variable and fixed costs directly related to specific contracts and those which can be attributed to contract activity in general and which can be allocated to specific contracts. Also included are any costs expected to be incurred under penalty clauses and rectification provisions.

9.4.9 Property, plant and equipment and depreciation

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

Depreciation is calculated on a straight line basis to write off the cost of the property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:-

Office equipment and furniture and fixtures	5 years
Telecommunication and research & development equipment	5 years
Computers	3 years
Renovation	5 years

9.4.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The Company recognised the estimated liability on all projects still under warranty at the balance sheet date. This provision is calculated based on service histories.

9.5 PROPERTY, PLANT AND EQUIPMENT

2000	Balance as at 1.10.1999 SGD	Additions SGD	Balance as at 31.12.2000 SGD
Cost			
Office equipment and furniture	15,280	16,022	31,302
Telecommunication and research & development equipment	141,314	718,719	860,033
Computers	12,890	8,203	21,093
Renovation	39,074	1,548	40,622
	208,558	744,492	953,050
	Balance as at 1.10.1999 SGD	Charge for the financial year SGD	Balance as at 31.12.2000 SGD
Accumulated depreciation			
Office equipment and furniture	3,056	6,260	9,316
Telecommunication and research & development equipment	28,263	111,270	139,533
Computers	4,296	7,031	11,327
Renovation	7,815	8,124	15,939
	43,430	132,685	176,115

2000	Balance as at 1.10.1999 RM	Additions RM	Balance as at 31.12.2000 RM
Cost			
Office equipment and furniture	33,799	35,441	69,240
Telecommunication and research & development equipment	312,587	1,589,806	1,902,393
Computers	28,513	18,145	46,658
Renovation	86,432	3,424	89,856
	<u>461,331</u>	<u>1,646,816</u>	<u>2,108,147</u>

	Balance as at 1.10.1999 RM	Charge for the financial year RM	Balance as at 31.12.2000 RM
Accumulated depreciation			
Office equipment and furniture	6,760	13,847	20,607
Telecommunication and research & development equipment	62,518	246,129	308,647
Computers	9,503	15,553	25,056
Renovation	17,287	17,970	35,257
	<u>96,068</u>	<u>293,499</u>	<u>389,567</u>

Net book value	2000 SGD	2000 RM
Office equipment and furniture	21,986	48,633
Telecommunication and research & development equipment	720,500	1,593,746
Computers	9,766	21,602
Renovation	24,683	54,599
	<u>776,935</u>	<u>1,718,580</u>

9.6 INVENTORIES

At cost	2000 SGD	2000 RM
Inventories	1,938,340	4,287,608
Inventories-in-transit	90,012	199,107
	<u>2,028,352</u>	<u>4,486,715</u>

9.7 TRADE RECEIVABLES

	2000 SGD	2000 RM
Trade receivables	2,609,956	5,773,223
Less: Allowance for doubtful debts	<u>(105,001)</u>	<u>(232,263)</u>
	<u><u>2,504,955</u></u>	<u><u>5,540,960</u></u>

9.8 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2000 SGD	2000 RM
Deposits	60,448	133,711
Prepayments	14,139	31,275
Others	<u>1,506</u>	<u>3,332</u>
	<u><u>76,093</u></u>	<u><u>168,318</u></u>

9.9 AMOUNTS OWING BY RELATED PARTIES (Non-trade)

The amounts owing by related parties are unsecured, interest free and have no fixed terms of repayment.

9.10 AMOUNT DUE TO CUSTOMERS

	2000 SGD	2000 RM
Contract costs	921,350	2,038,026
Add: Profit recognised	<u>1,897,920</u>	<u>4,198,199</u>
	2,819,270	6,236,225
Less: Progress billings	<u>(3,211,545)</u>	<u>(7,103,937)</u>
	<u><u>(392,275)</u></u>	<u><u>(867,712)</u></u>

9.11 ACCRUALS AND PROVISION

	2000 SGD	2000 RM
Accruals	195,953	433,448
Warranty provision	<u>215,420</u>	<u>476,509</u>
	<u><u>411,373</u></u>	<u><u>909,957</u></u>

9.12 AMOUNTS OWING TO RELATED PARTIES

The amounts owing to related parties represents trade and non-trade transactions which are unsecured, interest-free and have no fixed terms of repayment.

9.13 AMOUNT OWING TO A DIRECTOR

The amount owing to a director is unsecured, interest-free and has no fixed terms of repayment.

9.14 SHARE CAPITAL

	2000		2000	
	Number of shares	SGD	Number of shares	RM
Authorised:-				
Ordinary shares of SGD1.00 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>221,200</u>
Issued and fully paid:-				
Ordinary shares of SGD1.00 each				
Balance as at 1 October 1999	2	2	2	4
Issued of shares during the financial period	<u>59,998</u>	<u>59,998</u>	<u>59,998</u>	<u>132,716</u>
Balance as at 31 December	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>132,720</u>

On 1 August 2000, the issued share capital was increased to SGD60,000 (RM132,720) by the issue of 59,998 ordinary shares of SGD1/RM2.212 each at par via capitalisation of amount owing to a director, to provide additional working capital. The newly issued shares rank pari passu in all respect with the previously issued shares.

9.15 COMMITMENTS

(a) Capital commitments

Commitments not provided for in the financial statements:-

	2000 SGD	2000 RM
Expenditure approved and contracted for	<u>59,000</u>	<u>130,508</u>

(b) Operating lease commitments

The future minimum lease payments under non-cancellable operating lease are payable as follows:-

	2000 SGD	2000 RM
Not later than one financial year	239,753	530,334
Later than one financial period but not later than five financial years	<u>523,748</u>	<u>1,158,531</u>

9.16 RELATED PARTY TRANSACTION AND BALANCES

- (a) During the financial period, significant transactions entered between the Company and related parties on terms agreed between the parties concerned are as follows:-

	2000 SGD	2000 RM
Sales of goods and services to Unified Communications Sdn. Bhd.	2,073,539	4,586,668
Purchase of software from Unified Communications Sdn. Bhd.	989,748	2,189,323
	<u>989,748</u>	<u>2,189,323</u>

The Company and Unified Communications Sdn Bhd is related by virtue of a common substantial shareholder and director, Mr Wong Tze Leng.

- (b) Individually significant outstanding balances arising from transactions other than normal transactions with related parties are as follows:-

Related party	Type of transactions	2000 SGD	2000 RM
Amount owing to a director - Mr Wong Tze Leng	Advances and payment made on behalf of the Company	87,333	193,181
		<u>87,333</u>	<u>193,181</u>

9.17 NET TANGIBLE ASSETS COVER

Based on the audited statement of assets and liabilities of UCPL as at 31 December 2000, the net tangible assets per ordinary share would be as follows:-

	2000 SGD	2000 RM
Net tangible assets as at 31 December 2000	1,326,370	2,933,930
Number of ordinary shares of SGD1.00 each	60,000	60,000
Net tangible assets per ordinary share (SGD/RM)	<u>22</u>	<u>49</u>

10. **AUDITED FINANCIAL STATEMENTS**

No audited financial statements of UCPL have been prepared in respect of any year subsequent to 31 December 2000.

Yours faithfully



BDO Binder
AF : 0206
Chartered Accountants



Siew Kah Toong
1045/3/04(J)
Partner