

QUARTERLY UPDATE PURSUANT TO LISTING RULE 1313(2)

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors (the “**Board**”) of Teledata (Singapore) Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) wishes to provide an update on the Company and the Group for the Quarter ended 31 March 2014 (“**1Q2014**”).

The Company was placed on the Watch-List of the SGX-ST on 3 March 2011 and may apply for its removal from the Watch-List if it satisfies the requirements as set out under Rule 1314 of the Listing Manual within 24 months. During 1Q2013, the Company made an application to the SGX-ST for an extension of time to meet the requirements of Rule 1314 for an exit from the Watch-List. This extension was granted and now the watch list is granted up to 2 June 2014.

On 14 March 2013, the Company received a notification from the SGX-ST that it has no objection to the Company’s application for an extension of time of twelve (12) months to 2 March 2014 with regard to compliance with Rule 1315 of the Listing Manual subject to the Company announcing the period of extension granted, the reasons for seeking the extension of time and the conditions for the extension granted (the “**Extension Announcement**”). The Company released the Extension Announcement on 14 March 2013.

The 240,000,000 Placement Shares which were allotted and issued to the placees at a price of S\$0.0102 per Placement Share was completed on 7 February 2014.

The 937,500,000 Ordinary Shares for the acquisition of IP2S Korea which was acquired on 1 April 2014 have been allotted and issued at a price of S\$0.02 per share.

1. Update on unaudited Financial Performance and Position

Financial Performance

During the 1st Quarter of 2014, the Revenue of the Group was S\$6.44 million, an increase of 19.6% from the S\$5.39 million achieved in the 1st Quarter of FY2013. The carryover of Project in Philippines and Thailand contributed to the increase in Revenue due to the various projects undertaken in the 1st Quarter of 2014.

The Cost of Goods sold also increased 17.0% from S\$3.84 million in 1st Quarter of 2013 to S\$4.49 million in the 1st Quarter of 2014. This increase is mainly in parity with the increase in Revenue.

The Total Operating Expenses of the Group increased 10.5% from S\$1.66 million in the 1st Quarter of FY2013 to S\$1.84 million in the 1st Quarter of FY2014.

The Distribution and Administrative Expenses decreased due to tighter control on Cost, salaries and wages, rent and stricter control on travelling expenses.

The increase in Finance cost is attributable to the increase in Borrowings for the purpose of Projects in Thailand and Korea.

The Net Profit of the Group before tax for the 1st Quarter of FY2014 was S\$0.15 million as compared to S\$0.068 million in the 1st Quarter of FY2013. The increase was mainly due to the increase in Revenue and a reduction in Total Expenses.

Financial Position

Trade and Other Receivables increased by S\$5.18 million in FY2014 as compared to FY2013 and the increase was mainly attributable to larger projects undertaken in Indonesia like the Railway Project and the PT Teknik Project, and the Metropolitan Electricity Authority Tenders.

	As At 31 March 2014	As At 31 December 2013
Trade Debtors (Net of Doubtful Debts)	9,931	6,368
Unbilled Invoices	11,156	11,154
Other receivables	<u>2,794</u>	<u>2,817</u>
Total trade & Other Receivables	23,881	20,339
	=====	=====

Property, Plant and Equipment decreased mainly due to depreciation. Other Assets decreased to S\$4.313 million in the 1st quarter of FY2014 as compared to S\$6.225 million in FY2013 due to the refund of security and tender deposits.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Loans and borrowings balances as at 31 March 2014 ("1Q2014"), have decreased by S\$0.27 million compared with balances as at 31 December 2013,

Trade and other receivables are comprised of invoiced trade debtors, unbilled works and other debtors. There has been no significant change in Trade and other receivables balances as a few large-sized projects brought forward from 4Q2013 were still in progress and included in unbilled works balances in 1Q2014. Larger projects tend to involve many more parties and coordination processes, hence the time intervals in-between the various billing milestones are longer, resulting in higher unbilled works balances.

In the non-current assets of 1Q2014, other assets of S\$4.13 million are (i) trade receivables that are not due for collection within the short term, under extended credit terms agreed contractually with the relevant customers; and (ii) long-term security deposits relating to TDK's project in Seoul, Korea, which pertain to office premises leased by TDK for its provision of call centre facilities to IP2S Korea.

As announced on 6 February 2014, the Company has fully utilized the proceeds raised from the issue of placement shares for payment of working capital, GST and CPF as announced in the 4th Quarter announcement on 1 March 2014.

Material development and Future Direction

The telecommunications industry remains a challenging and competitive one. The Group will, nevertheless continue with its expansion and transformation efforts by leveraging on its core competencies to capitalize on opportunities arising from the ongoing evolution of unified communications and cloud hosting services. The major step taken in this direction during FY2013/2014 was in South Korea where the wholly owned subsidiary of the Company, Teledata (Korea) Co. Ltd, in partnership with its sister companies in Singapore, Thailand and the Philippines, undertook a project to set up the technological and physical infrastructure for a customer, IP2S Korea Co. Ltd, which will be utilized for the hosting of a call center and for cloud computing services.

The Company has also acquired 51% of IP2S Korea as of 1 April 2014 which will enable the Group to make its entry into the hosting business. Entry into the hosting business will add stability to the revenue of the Group as the hosting business offers prospects of recurring long term engagements with regular income streams from customers. This also presents an opportunity for the Group to increase its foot print in the broader telecommunications space in line with the long term strategy of the Company to enhance the value of its shareholders.

In spite of the increasingly competitive environment, there continues to be a healthy flow of project and business opportunities. The Group will continue to enhance its business evaluation processes in the undertaking of new projects, in order to optimise its working capital utilization and improve its profit margins.

Concurrently, the Group will continue with its transformation efforts by evaluating small but attractive acquisition targets, profitable projects that offer potential for recurring income on a regular basis as well as other business lines that present opportunities for the Group to leverage on its existing core competencies and grow organically.

The completion of this acquisition will assist the Company in achieving the requisite market capitalization of S\$40 million so as to exit the Watch List.

In the meantime, the Group will continue to seek fresh business directions in order to diversify its revenue streams.

By Order of the Board

Irene Valencia Goutama
Executive Chairman and Chief Executive Officer

30 May 2014

