

## REPORT OF THE DIRECTORS

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the year ended 31 December 1998.

### DIRECTORS

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

Bernard Chen Tien Lap, Chairman  
Tay Kim Hock, Deputy Chairman  
Han Meng Siew, Managing Director/Executive Director  
Tan Eng Bock  
Tan Keng Boon  
Wong Lin Hong  
Dr. Wee Beng Geok  
Luanne Goh-Wong Pei Leng

### PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on business as system integrator and specialised distributor of telecommunication and datacommunication products. The principal activities of its subsidiaries are set out in Note 7(c) to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS FOR THE FINANCIAL YEAR

	The Group \$'000	The Company \$'000
Loss after taxation for the year	(1,148)	(831)
Minority Interest	(125)	–
Loss after taxation & minority interest	(1,273)	(831)
Extraordinary items	(3,016)	(5,879)
Loss set off against revenue reserve	(4,289)	(6,710)

### UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Company and the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the extraordinary items, details of which are disclosed in Note 26 to the financial statements.

### MOVEMENTS IN RESERVES AND PROVISIONS

The following amounts have been credited to:

	1998	
	The Group \$'000	The Company \$'000
<b>Exchange translation reserve:</b>		
Exchange differences arising from translation of		
– foreign subsidiary	25	–

Apart from the above, there were no material movements in reserves and provisions except for normal amounts set aside for items such as amortisation/depreciation of deferred expenditure/fixed assets as disclosed in the financial statements.

**ISSUE OF SHARES AND DEBENTURES**

- (a) There were no shares or debentures issued by the Company during the financial year.
- (b) During the financial year, certain subsidiaries issued shares at par to the Company for partial settlement of amounts owed by these subsidiaries to the Company. Details of the share issues were as follows:-

Name of subsidiary	No. of ordinary shares issued and fully paid
Premier Electro Communication Pte Ltd	500,000 at S\$1 each
Intrawave Pte Ltd	2,999,998 at S\$1 each

**ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

During the year, a subsidiary, PT Teledata Indonesia, was incorporated in Indonesia with 300,000 shares of Rp3,220 each issued to the Company and its 51% owned subsidiary, Teledata International Pte Ltd. The Company's effective interest in PT Teledata Indonesia is 95.1%.

Other than as disclosed, there were no acquisitions or disposals of subsidiaries during the financial year.

**ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits through the acquisition of shares in, or debentures of, the Company, the Company's Holding Company, Intraco Limited, or any other body corporate, other than the options that may be granted under the Intraco Limited Executives Share Option Scheme which was established in May 1989.

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

- (a) According to the register required to be kept under Section 164 of the Companies Act, Cap. 50, the following directors who held office at the end of the financial year had interests in the shares of the Company's Holding Company and the Company as detailed below:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 1.1.1998	At 31.12.1998	At 1.1.1998	At 31.12.1998
<b>Intraco Limited</b>				
<i>Ordinary shares of \$1.00 each</i>				
Bernard Chen Tien Lap	225,000	225,000	-	-
Tay Kim Hock	317,000	347,000	116,750	116,750
Dr. Wee Beng Geok	-	2,000	19,000	19,000
Luanne Goh-Wong Pei Leng	33,000	33,000	-	-
<i>Share options to subscribe for ordinary shares of \$1.00 each</i>				
Bernard Chen Tien Lap	222,500	222,500	-	-
Tay Kim Hock	180,000	180,000	-	-
Dr. Wee Beng Geok	56,000	56,000	-	-
Luanne Goh-Wong Pei Leng	103,000	103,000	-	-

## REPORT OF THE DIRECTORS

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 1.1.1998	At 31.12.1998	At 1.1.1998	At 31.12.1998
<b>Teledata (Singapore) Limited</b>				
<i>Ordinary shares of \$0.10 each</i>				
Bernard Chen Tien Lap	105,000	105,000	–	–
Tay Kim Hock	20,000	100,000	–	20,000
Han Meng Siew	2,769,404	2,259,404	330,000	840,000
Tan Eng Bock	100,000	100,000	–	–
Tan Keng Boon	193,576	193,576	–	–
Dr. Wee Beng Geok	10,000	20,000	20,000	20,000
Luanne Goh-Wong Pei Leng	–	–	20,000	20,000
<i>Warrants to subscribe for ordinary shares of \$0.10 each</i>				
Han Meng Siew	–	–	479,910	479,910
Tan Eng Bock	15,000	15,000	–	–
Tan Keng Boon	30,000	30,000	–	–
Dr. Wee Beng Geok	1,500	1,500	–	–

(b) There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 1999 (being the 21st day after the end of the financial year).

Other than as disclosed above, no director who held office at the end of the financial year had an interest in any shares or debentures of the Company, the Holding Company or any of the subsidiaries of the Company's Holding Company.

Since the end of the previous financial year, no director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Companies Act, Cap. 50. except for directors' remuneration as disclosed in Note 22 to the financial statements.

### **DIVIDENDS**

During the year, the Company paid a final dividend of 6% less tax at 26% totalling \$710,400 in respect of the previous year as proposed in the directors' report of that year.

No dividend has been proposed by the directors for the year ended 31 December 1998.

### **ASSET VALUES**

Before the profit and loss account and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that:

(a) action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

- (b) any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or adequate provision had been made for the difference between those values.

At the date of this report, the directors are not aware of any circumstances which would render:

- (a) any amount written off for bad debts or the amount of the provision for doubtful debts in the Group inadequate to any substantial extent; and
- (b) the values attributed to current assets in the consolidated financial statements misleading.

**CHARGES AND CONTINGENT LIABILITIES**

Since the end of the financial year, no charge on the assets of the Company or any company in the Group has arisen which secures the liabilities of any other person.

Since the end of the financial year, no contingent liability of the Company or any company in the Group has arisen.

No contingent liability or other liability of the Company or any company in the Group 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 Company and of the Group to meet their obligations as and when they fall due.

**OTHER CIRCUMSTANCES AFFECTING THE ACCOUNTS**

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

**UNUSUAL ITEMS AFTER 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 would affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

**SHARE OPTIONS & WARRANTS**

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options and warrants to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option at 31 December 1998 in respect of the Company or its subsidiaries.

**CORPORATE GOVERNANCE**

The Company is committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group which strives to preserve the interests of all stakeholders.

## REPORT OF THE DIRECTORS

### **BOARD OF DIRECTORS**

The Board oversees the business affairs of the Group, approves the financial objectives and the strategies to be implemented by management and monitors standards of performance and issues of policy, both directly and through its committees.

The Board holds at least 4 meetings each year. The Board approves the Group's strategic plans, key business initiatives, major investments and funding decisions; it reviews the Group's financial performance and evaluates the performance and determines the compensation of senior management. These functions are carried out by the Board directly or through committee of the Board which have been set up to support its work.

### **AUDIT COMMITTEE**

The Audit Committee comprises 4 board members, all of whom are independent non-executive directors. The members of the Audit Committee at the date of this report are:

Tan Eng Bock, Chairman  
Tan Keng Boon  
Wong Lin Hong  
Dr. Wee Beng Geok

The Committee holds quarterly meetings and discharges the following delegated functions:

- (1) Review with the external auditor the audit plan;
- (2) Review with the auditor their evaluation of internal controls together with management's response;
- (3) Review the assistance given by the Company's officers to the external and internal auditors;
- (4) Review the scope and results of internal audit procedures;
- (5) Review the financial statements of the Company and the Group before their submission to the Board, together with the external auditor's report thereon;
- (6) Nomination of an external auditor; and
- (7) Review of interested person transactions.

In the opinion of the directors, the Company complies with the Best Practices Guide, with respect to audit committees.

The Committee has full access to and co-operation by the Company's management and the internal auditors and has full discretion to invite any director or executive officer to attend its meetings. The Financial Controller attend meetings of the Committee. The auditors have unrestricted access to the Audit Committee. The Audit Committee has reasonable resources to enable it to discharge its functions properly.

The Audit Committee may examine whatever aspects it deems appropriate of the Group's financial affairs, its internal and external audits and its exposure to risks of a regulatory or legal nature. It keeps under review the effectiveness of the Company's system of accounting and internal financial controls, for which the directors are responsible. It also keeps under review the Company's programme to monitor compliance with its legal, regulatory and contractual obligations.

The Committee has recommended to the Board of directors the nomination of Ernst & Young for reappointment as auditors of the Company at the forthcoming Annual General Meeting.

**SECURITIES TRANSACTIONS**

The Group has issued a Policy on Share Dealings to all employees of the Group, setting out the implications of insider trading and the recommendations of the Best Practices Guide issued by the Stock Exchange of Singapore. The Group has adopted a code of conduct to provide guidance to its officers with regard to dealing in the Company's shares.

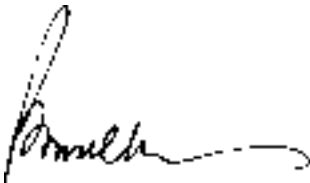
**YEAR 2000 ISSUES**

To address IT related matters arising from the Year 2000 (Y2K) date change, the Group has established a Y2K programme to oversee the Y2K compliance issues. The purpose of the programme is to ensure as far as possible, that all critical IT systems within the Group will continue to function smoothly into and beyond the year 2000 and that appropriate contingency plans are in place to provide assurance that the business of the Group will continue in the event of any IT related problems arising.

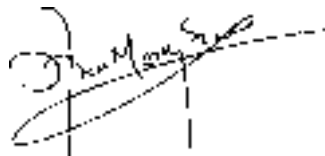
**AUDITORS**

The auditors, Ernst & Young, Certified Public Accountants have expressed their willingness to accept re-appointment.

On behalf of the Board of directors



**BERNARD CHEN TIEN LAP**  
Chairman



**HAN MENG SIEW**  
Managing Director

Singapore, 22 March 1999

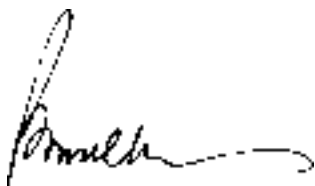
## STATEMENT BY DIRECTORS

Pursuant to Section 201(15)

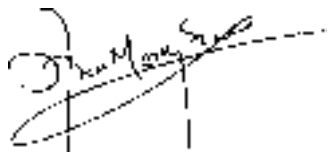
We, **Bernard Chen Tien Lap** and **Han Meng Siew**, being two of the directors of **Teledata (Singapore) Limited**, do hereby state that, in the opinion of the directors:

- (i) the balance sheets, profit and loss accounts and consolidated cash flow statement together with the notes thereto, set out on pages 20 to 39, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 1998, the results of the Company and the Group and the cash flows of the Group for the year ended 31 December 1998; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of directors



**BERNARD CHEN TIEN LAP**  
Chairman



**HAN MENG SIEW**  
Managing Director

Singapore, 22 March 1999

## AUDITOR'S REPORT

To the Members of Teledata (Singapore) Limited

We have audited the financial statements of Teledata (Singapore) Limited set out on pages 20 to 39. These financial statements comprise the balance sheets of the Company and the Group as at 31 December 1998, the profit and loss accounts of the Company and the Group and the cash flow statement of the Group for the year then ended. 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.

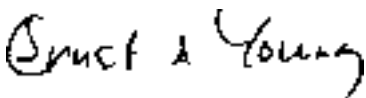
In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard and so as to give a true and fair view of:
  - (i) the state of affairs of the Company and of the Group as at 31 December 1998, the results of the Company and of the Group and the cash flows of the Group for the year then ended; and
  - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries 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' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of those subsidiaries audited by our associated firms are stated in Note 7 to the 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 and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.



**ERNST & YOUNG**

Certified Public Accountants

Singapore, 22 March 1999

## PROFIT AND LOSS ACCOUNTS

For the Year Ended 31 December 1998

	Note	The Group		The Company	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
TURNOVER	21	<b>80,861</b>	93,116	<b>69,160</b>	84,918
OPERATING PROFIT/(LOSS)	22	<b>(607)</b>	5,288	<b>(692)</b>	4,885
INTEREST INCOME	23	<b>330</b>	158	<b>715</b>	142
INTEREST EXPENSE	24	<b>(862)</b>	(732)	<b>(854)</b>	(721)
NET INTEREST EXPENSE		<b>(532)</b>	(574)	<b>(139)</b>	(579)
		<b>(1,139)</b>	4,714	<b>(831)</b>	4,306
SHARE OF PROFITS LESS (LOSSES) OF ASSOCIATED COMPANIES		<b>44</b>	(2,271)	–	–
PROFIT/(LOSS) BEFORE TAXATION		<b>(1,095)</b>	2,443	<b>(831)</b>	4,306
TAXATION	25	<b>(53)</b>	(1,193)	–	(1,141)
PROFIT/(LOSS) AFTER TAXATION FOR THE YEAR		<b>(1,148)</b>	1,250	<b>(831)</b>	3,165
MINORITY INTEREST		<b>(125)</b>	(52)	–	–
PROFIT/(LOSS) AFTER TAXATION AND MINORITY INTEREST		<b>(1,273)</b>	1,198	<b>(831)</b>	3,165
EXTRAORDINARY ITEMS	26	<b>(3,016)</b>	–	<b>(5,879)</b>	–
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		<b>(4,289)</b>	1,198	<b>(6,710)</b>	3,165
DIVIDENDS	27	–	(710)	–	(710)
RETAINED PROFIT/(ACCUMULATED LOSS) FOR THE YEAR	20	<b>(4,289)</b>	488	<b>(6,710)</b>	2,455
EARNINGS/(LOSS) PER ORDINARY SHARE OF \$0.10 EACH (CENTS)	28	<b>(0.80)</b>	0.75		

The accompanying notes form part of these financial statements

**BALANCE SHEETS**

As at 31 December 1998

	Note	The Group		The Company	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
<b>NON-CURRENT ASSETS</b>					
Fixed assets	3	9,099	6,507	2,883	3,138
Intangible Asset	4	1,172	–	–	–
Deferred expenditure	5	365	458	343	444
Subsidiary companies	7	–	–	3,581	1,398
Associated companies	8	984	2,866	543	5,332
<b>CURRENT ASSETS</b>					
Inventories	9	26,662	28,841	19,610	25,557
Trade debtors	10	33,786	40,839	27,955	35,652
Due by holding company	6	7	29	7	29
Due by subsidiary companies	7	–	–	19,176	16,496
Due by associated companies	8	3,791	6,656	170	726
Due by related companies	11	36	144	35	141
Other debtors	12	1,015	978	713	704
Fixed deposits		3,962	1,455	3,804	1,006
Bank and cash balances		2,856	1,742	1,438	208
		<b>72,115</b>	<b>80,684</b>	<b>72,908</b>	<b>80,519</b>
Less					
<b>CURRENT LIABILITIES</b>					
Trade creditors and bills payable	13	22,507	29,506	16,666	27,248
Due to holding company	6	3,750	211	–	103
Due to subsidiary companies	7	–	–	7,853	525
Due to associated companies	8	108	68	108	64
Due to related companies	11	10	221	10	170
Obligations under hire purchase	14	52	44	14	17
Other creditors	15	1,640	2,463	1,425	2,120
Amount due to bankers	16	4,228	2,164	4,228	2,164
Provision for taxation		63	1,086	10	1,041
Proposed dividends		–	710	–	710
		<b>32,358</b>	<b>36,473</b>	<b>30,314</b>	<b>34,162</b>
<b>NET CURRENT ASSETS</b>		<b>39,757</b>	<b>44,211</b>	<b>42,594</b>	<b>46,357</b>
<b>NON-CURRENT LIABILITIES</b>					
Obligations under hire purchase	14	122	146	13	28
Deferred taxation	17	653	625	625	625
Long term loans	18	30,000	30,000	30,000	30,000
		<b>(30,775)</b>	<b>(30,771)</b>	<b>(30,638)</b>	<b>(30,653)</b>
		<b>20,602</b>	<b>23,271</b>	<b>19,306</b>	<b>26,016</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	19	16,000	16,000	16,000	16,000
Reserves	20	2,818	7,082	3,306	10,016
		<b>18,818</b>	<b>23,082</b>	<b>19,306</b>	<b>26,016</b>
<b>MINORITY INTEREST</b>					
		<b>1,784</b>	<b>189</b>	<b>–</b>	<b>–</b>
		<b>20,602</b>	<b>23,271</b>	<b>19,306</b>	<b>26,016</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 1998

	1998 \$'000	1997 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating profit/(loss) before interest and taxation	(607)	5,288
Adjustments for:		
Depreciation of fixed assets	880	798
Loss on disposal of fixed assets	12	25
Fixed assets written off	–	3
Amortisation of deferred expenditure	101	59
Currency translations difference	29	(88)
Operating profit before reinvestment in working capital	415	6,085
Decrease/(Increase) in trade and other debtors	7,016	(9,297)
Decrease/(Increase) in amounts due by associated companies – trade	2,804	(4,521)
Decrease in net amounts due to holding company – trade	(27)	(207)
Decrease in net amounts due to related companies – trade	(116)	–
Decrease/(Increase) in inventories	2,179	(8,008)
(Decrease)/Increase in trade and other creditors	(7,822)	8,397
Cash used in operating activities	4,449	(7,551)
Interest paid	(862)	(718)
Income tax paid	(1,048)	(1,336)
<b>Net cash provided by/(used in) operations</b>	<b>2,539</b>	<b>(9,605)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(3,454)	(4,236)
Capitalised software development costs	(1,172)	–
Preliminary expenses	–	(3)
Pre-operating expenses	–	(8)
Proceeds from disposal of fixed assets	–	48
Interest received	330	157
Investment in associated companies	(1,140)	(2,971)
Proceeds from sale of the name of a subsidiary company	50	–
<b>Net cash used in investing activities</b>	<b>(5,386)</b>	<b>(7,013)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(710)	(710)
Capital contribution by minority shareholder of a subsidiary company	1,470	–
Proceeds from issue of unsecured bonds due 2002	–	30,000
Issue expenses of unsecured bonds cum warrants	–	(503)
Decrease/(Increase) in net amounts due by associated companies – Non-trade	101	(245)
Increase in amounts due to holding company – Non-trade	3,588	113
Increase in net amounts due to related companies – Non-trade	13	–
Decrease in obligations under hire purchase	(58)	(102)
Increase/(Decrease) in short-term bank loans	3,000	(10,689)
<b>Net cash provided by financing activities</b>	<b>7,404</b>	<b>17,864</b>
Net increase in cash and cash equivalents	4,557	1,246
Cash and cash equivalents at the beginning of year (Note 29)	1,033	(213)
Cash and cash equivalents at the end of year (Note 29)	5,590	1,033

The accompanying notes form part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of Accounting**

The financial statements of the Company and the Group, which are expressed in Singapore dollars, are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards.

**(b) Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year are included in or excluded from the consolidated profit and loss account from the date of their acquisition or disposal. Inter-company balances and transactions and resulting unrealised profits are eliminated in full on consolidation. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

**(c) Foreign Currencies**

Transactions in foreign currencies during the year are converted to Singapore dollars at the rates of exchange prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated to Singapore dollars at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Exchange differences arising from conversion are taken to the profit and loss account.

For inclusion in the consolidated accounts, all assets and liabilities of foreign subsidiaries and associated companies are translated into Singapore dollars at the exchange rates ruling at the balance sheet date and the results of foreign subsidiaries and associated companies are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date. Exchange differences due to such currency translations are taken to the exchange translation reserve.

**(d) Revenue Recognition**

Revenues from the sale of products are recognised upon passage of title to the customer which generally coincides with their delivery and acceptance. Revenues from projects are recognised in the accounts using the percentage of completion method by reference to physical progress of each project.

**(e) Associated Companies**

The Group treats as associated companies those companies in which a long term equity interest of between 20 and 50 percent is held and over whose financial and operating policy decisions it has significant influence.

The Group's share of the results of associated companies is included in the consolidated profit and loss account. The Group's share of the post-acquisition reserves of associated companies is included in the investments in the consolidated balance sheet. Where the audited accounts are not co-terminous with those of the Group, the share of results is arrived at from the last audited accounts available and unaudited management accounts to the end of the accounting period.

When associated companies are acquired, any excess or shortfall of the consideration over the share of the fair values of net identifiable assets at the date of acquisition is included in goodwill or premium on consolidation and written off against Group reserves in the year in which it arises.

## NOTES TO THE FINANCIAL STATEMENTS

### (f) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Such cost include borrowing cost. The capitalisation rate is based on the actual borrowing rate on amounts directly attributable to the acquisition and installation of the related fixed assets. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

### (g) Depreciation

Depreciation is calculated so as to write off the cost of fixed assets and equipment on rental on a straight-line basis over the expected useful lives of the assets concerned. Depreciation of equipment on rental under development commences when the equipment is available for rental. The annual rates used for this purpose are:

	<u>No. of Years</u>
Motor vehicles	3 – 6
Office equipment	4 – 10
Workshop equipment	8 – 10
Furniture and fittings	10
Renovations	6
Equipment on rental	3 – 20

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets.

### (h) Investments

Long-term investments, including investments in subsidiaries and associated companies in the financial statements of the Company, are stated at cost. Provision is made for any diminution in value, other than temporary, of the investment determined on an individual basis.

### (i) Inventories

Inventories other than projects in progress, are stated at the lower of cost and net realisable value. In general, 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 price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow-moving and defective inventories.

Projects in progress are valued at cost, comprising direct expenditure and an appropriate portion of overhead, less progress billings. Percentage of completion method is used for accounting for long term projects. Provision, in full, is made for all losses expected to arise on completion of projects regardless of stages of completion at the balance sheet date.

### (j) Debtors

Bad debts are written off and specific provisions are made for those debts considered to be doubtful.

### (k) Taxation

Tax expenses for the period 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 except where it can be demonstrated with reasonable probability that the tax deferral will continue for the foreseeable future. In accounting for timing differences, deferred tax debits are not accounted for unless there is reasonable expectation of their realisation.

**(l) Deferred Expenditure**

Deferred expenditure comprises of issue expenses of the unsecured bonds cum warrants which is amortised on a straight line basis over a five year period. It also includes pre-operation and preliminary expenses of certain subsidiaries which will be written off to the profit and loss account on a straight line basis over a five year period commencing from date of commercial operation.

**(m) Software Development Costs**

Software development costs are accounted for in accordance with Statement of Accounting Standard 9 (Revised), Research and Development Costs. Costs incurred with the planning and designing phase of software development after technological feasibility has been determined, as well as additional costs incurred in further development, including product quality assurance, are capitalised. The capitalised costs include borrowing cost. The capitalisation rate is based on the actual borrowing rate on amounts directly attributable to the development of the software.

Amortisation is provided on a product-by-product basis over the economical life of the software, not to exceed 7 years, using the straight line method. Amortisation commences when a product is available for general release to the customers. Unamortised capitalised costs determined to be in excess of the net realisable value of a product are expensed at the date of such determination.

**2. PRINCIPAL ACTIVITIES**

The principal activities of the Company, which is incorporated in Singapore, are to carry on business as system integrator and specialised distributor of telecommunication and datacommunication products. The principal activities of its subsidiaries are set out in Note 7(c) to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

**3. FIXED ASSETS**

	Motor Vehicles \$'000	Office Equipment \$'000	Workshop Equipment \$'000	Furniture & Fittings \$'000	Renovations \$'000	Equipment On Rental \$'000	Total \$'000
<b>(a) The Group</b>							
Cost							
At 1.1.1998	890	2,949	66	847	936	4,041	9,729
Exchange rate adjustment	(1)	(3)	–	(1)	(1)	–	(6)
Additions	56	429	–	73	27	2,911	3,496
Disposals	(43)	(12)	–	–	–	–	(55)
At 31.12.1998	902	3,363	66	919	962	6,952	13,164
Accumulated depreciation							
At 1.1.1998	424	992	40	194	566	1,006	3,222
Exchange rate adjustments	–	(2)	–	–	–	–	(2)
Charge for the year	98	434	12	92	87	165	888
Disposals	(34)	(9)	–	–	–	–	(43)
At 31.12.1998	488	1,415	52	286	653	1,171	4,065
<b>Net Book Value at 31.12.1998</b>	<b>414</b>	<b>1,948</b>	<b>14</b>	<b>633</b>	<b>309</b>	<b>5,781</b>	<b>9,099</b>
Net Book Value at 31.12.1997	466	1,957	26	653	370	3,035	6,507

NOTES TO THE FINANCIAL STATEMENTS

**3. FIXED ASSETS (CONT'D)**

	Motor Vehicles \$'000	Office Equipment \$'000	Workshop Equipment \$'000	Furniture & Fittings \$'000	Renovations \$'000	Equipment On Rental \$'000	Total \$'000
<b>(b) The Company</b>							
Cost							
At 1.1.1998	626	2,395	50	779	859	1,272	5,981
Additions	–	311	-	33	-	158	502
Disposals	(43)	(9)	-	-	-	-	(52)
At 31.12.1998	583	2,697	50	812	859	1,430	6,431
Accumulated depreciation							
At 1.1.1998	380	774	26	168	507	988	2,843
Charge for the year	60	365	6	80	81	155	747
Disposals	(33)	(9)	–	–	–	–	(42)
At 31.12.1998	407	1,130	32	248	588	1,143	3,548
<b>Net Book Value at 31.12.1998</b>	<b>176</b>	<b>1,567</b>	<b>18</b>	<b>564</b>	<b>271</b>	<b>287</b>	<b>2,883</b>
Net Book Value at 31.12.1997	246	1,621	24	611	352	284	3,138

At the balance sheet date, the net book value of motor vehicles under hire purchase agreements amount to \$300,090 (1997 : \$307,153) for the Group and \$72,497 (1997 : \$99,890) for the Company.

Equipment on rental comprises infrastructure equipment such as cables and telecommunication equipment which are either installed at customers' premises or are currently under development for support of the Group's and Company's rental activities.

The Group's Equipment on Rental under development include capitalised borrowing cost of \$221,128 (1997: Nil).

**4. INTANGIBLE ASSET**

	The Group	
	1998 \$'000	1997 \$'000
Capitalised software development costs during the year and balance at end of year	<b>1,172</b>	–

Capitalised costs include borrowing cost of \$39,397 (1997: Nil).

**5. DEFERRED EXPENDITURE**

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Deferred expenditure at cost:				
Bonds cum Warrants issue expenses	<b>503</b>	503	<b>503</b>	503
Pre-operating expense	<b>8</b>	8	–	–
Preliminary expense	<b>14</b>	6	–	–
	<b>525</b>	517	<b>503</b>	503
Less : amortisation to-date	<b>(160)</b>	(59)	<b>(160)</b>	(59)
Balance at end of year	<b>365</b>	458	<b>343</b>	444

The Group's preliminary expense includes current year depreciation of fixed assets of \$8,035 (1997: \$3,000).

**6. DUE BY/TO HOLDING COMPANY**

(a) The Company is a 50.8% owned subsidiary of Intraco Limited, a company incorporated in Singapore, which is also the ultimate Holding Company.

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
(b) Due by Holding Company				
– Trade	6	29	6	29
– Non-Trade	1	–	1	–
	<b>7</b>	<b>29</b>	<b>7</b>	<b>29</b>
Due to Holding Company				
– Trade	–	49	–	49
– Non-trade	3,750	162	–	54
	<b>3,750</b>	<b>211</b>	<b>–</b>	<b>103</b>

The amounts due by / to Holding Company are unsecured, interest-free and have no fixed terms of repayment.

Included in the amount due to Holding Company (non-trade) is an amount of \$3.626 million (1997: Nil) in respect of a loan to a subsidiary, Intrawave Pte Ltd. The loan is unsecured, bears interest at 0.5% above prevailing bank prime rates, and has no fixed terms of repayment.

**7. SUBSIDIARY COMPANIES**

	The Company	
	1998 \$'000	1997 \$'000
(a) Unquoted equity shares, at cost	3,725	1,542
Less : Provision for diminution in value	(144)	(144)
	<b>3,581</b>	<b>1,398</b>
(b) Due by subsidiary companies		
– Trade	6,211	13,849
– Non-trade	12,965	2,647
	<b>19,176</b>	<b>16,496</b>
Due to subsidiary companies		
– Trade	2,559	375
– Non-trade	5,294	150
	<b>7,853</b>	<b>525</b>

The amounts due by / to subsidiary companies are unsecured, bear interest at prevailing bank prime rates and have no fixed terms of repayment.

Included in the amounts due by subsidiary companies (non-trade) is an amount of \$2.448 million (1997: Nil) shareholders' loan by the Company. The loan is unsecured, bears interest at 0.5% above prevailing bank prime rates, and has no fixed terms of repayment.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. SUBSIDIARY COMPANIES (CONT'D)

(c) The subsidiary companies at 31 December 1998 are:

Name of Company	Principal Activities	Country of Incorporation / Business	Class of Shares	Total paid-up capital of subsidiary Amount	Amount of company's investment in ordinary shares		% of Paid-up Capital held by the Group	
					1998 \$'000	1997 \$'000	1998 %	1997 %
Davotek Sdn Bhd	Dealer and maintainer of telecommunication equipment	Malaysia	Ordinary	RM1,000,000	578	578	100	100
Plexus Technology Pte Ltd	General importer and exporter and commission agencies	Singapore	Ordinary	S\$300,000	379	379	100	100
Premier Electro Communication Private Limited	Manufacturer and dealer in telecommunication equipment	Singapore	Ordinary	S\$600,000	520	20	100	100
Telebit (Singapore) Private Limited	Distributor and maintainer of telecommunication and datacommunication products	Singapore	Ordinary	S\$300,000	310	310	100	100
Teledata International Pte Ltd	System integrator, sourcing and distributing telecommunication and datacommunication products internationally	Singapore	Ordinary	S\$500,000	255	255	51	51
TD-Services (S) Pte Ltd (formerly T-Net (S) Pte Ltd)	To provide software development, system integration work and information services	Singapore	Ordinary	S\$6	See note below	See note below	100	67
Intrawave Pte Ltd	To provide radio coverage system management, operation, mobile service and to supply communications to other service providers	Singapore	Ordinary	S\$3,000,000	1,530	See note below	51	51
PT Teledata Indonesia	To provide consultant services in the area of management information system, information technology and telecommunication	Indonesia	Ordinary	Rp966,000,000	153	–	95.1	–
					<b>3,725</b>	<b>1,542</b>		

The cost of investment in TD-Services (S) Pte Ltd is \$6 (1997: \$4). The cost of investment in Intrawave Pte Ltd was \$2 as at 31 December 1997.

All the subsidiaries are audited by Ernst & Young, Singapore or member firms of Ernst & Young International.

**8. ASSOCIATED COMPANIES**

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
(a) Unquoted equity shares, at cost	<b>6,485</b>	5,345	<b>6,472</b>	5,332
Less: Provision for diminution in value	<b>(3,066)</b>	–	<b>(5,929)</b>	–
	<b>3,419</b>	5,345	<b>543</b>	5,332
Currency adjustment arising from translation	<b>305</b>	305		
Write off of goodwill on acquisition	<b>(1,352)</b>	(1,352)		
Group's share of post – acquisition profits less losses	<b>(1,388)</b>	(1,432)		
	<b>984</b>	2,866		
(b) Due by associated companies:				
– Trade	<b>3,437</b>	6,199	<b>131</b>	275
– Non-trade	<b>354</b>	457	<b>39</b>	451
	<b>3,791</b>	6,656	<b>170</b>	726
Due to associated companies:				
– Trade	<b>106</b>	64	<b>106</b>	63
– Non-trade	<b>2</b>	4	<b>2</b>	1
	<b>108</b>	68	<b>108</b>	64

The amounts due by/to associated companies are unsecured, interest free and have no fixed terms of repayment.

(c) The associated companies at 31 December 1998 are:

Name of Company	Country of Incorporation/ Business	Class of Shares	% of Paid-up Capital held by the Company or its nominees		Cost of Investment	
			1998 \$'000	1997 \$'000	1998 %	1997 %
<b>Held by Teledata (Singapore) Limited:</b>						
Teledata (Hong Kong) Limited	Hong Kong	Ordinary	<b>30</b>	30	<b>310</b>	310
Teledata (Thailand) Co., Ltd	Thailand	Ordinary	<b>24</b>	24	<b>146</b>	146
Hutchison IntraPage Pte Ltd	Singapore	Ordinary	<b>30</b>	30	<b>4,140</b>	3,000
Teledatacom (Phils) Inc.	Philippines	Ordinary	<b>49</b>	49	<b>87</b>	87
Mavix Ltd	Israel	Ordinary	<b>25</b>	25	<b>1,789</b>	1,789
<b>Held by Davotek Sdn Bhd:</b>						
Davoteknologi Sdn Bhd	Malaysia	Ordinary	<b>30</b>	30	<b>13</b>	13
					<b>6,485</b>	5,345

The accounting year end of the above companies is 31 December.

NOTES TO THE FINANCIAL STATEMENTS

**9. INVENTORIES**

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Inventories	<b>19,438</b>	25,190	<b>16,308</b>	22,342
Costs incurred on projects in progress	<b>7,445</b>	3,846	<b>3,516</b>	3,365
Less : Progress billings	<b>(221)</b>	(195)	<b>(214)</b>	(150)
Costs incurred in excess of billings	<b>7,224</b>	3,651	<b>3,302</b>	3,215
	<b>26,662</b>	28,841	<b>19,610</b>	25,557
Inventories are stated after deducting provision for obsolescence of:				
Balance at the beginning of year	<b>234</b>	115	<b>234</b>	115
(Written back)/Charged to profit and loss account	<b>(88)</b>	119	<b>(88)</b>	119
Balance at the end of year	<b>146</b>	234	<b>146</b>	234

**10. TRADE DEBTORS**

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Trade debtors are stated after deducting specific provision for doubtful debts of:				
Balance at the beginning of year	<b>48</b>	–	<b>41</b>	–
Charge to profit and loss account	<b>185</b>	48	<b>185</b>	41
Bad debts written off	<b>(48)</b>	–	<b>(41)</b>	–
Balance at the end of year	<b>185</b>	48	<b>185</b>	41
Bad debts written off directly to profit and loss account	<b>25</b>	4	–	–

**11. DUE BY / TO RELATED COMPANIES**

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
(a) Amounts due by related companies				
Amounts due by a group of companies of which the Company is a subsidiary				
– trade	<b>36</b>	141	<b>35</b>	141
– non-trade	–	3	–	–
	<b>36</b>	144	<b>35</b>	141
(b) Amounts due to related companies				
Amount due to a group of companies of which the Company is a subsidiary				
– trade	–	221	–	170
– non-trade	<b>10</b>	–	<b>10</b>	–
	<b>10</b>	221	<b>10</b>	170

The amounts due by / to related companies are unsecured, interest-free and have no fixed terms of repayment.

**12. OTHER DEBTORS**

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Prepayments	222	137	94	125
Deposits	375	344	328	307
Staff loans	265	154	192	141
Sundry debtor	153	343	99	131
	<b>1,015</b>	<b>978</b>	<b>713</b>	<b>704</b>

**13. TRADE CREDITORS AND BILLS PAYABLE**

Included in trade creditors and bills payable are:

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Costs incurred on projects in progress	1,471	234	–	–
Less : Progress Billings	(1,944)	(1,173)	(247)	(524)
Billings in excess of cost incurred	(473)	(939)	(247)	(524)

**14. OBLIGATIONS UNDER HIRE PURCHASE**

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Minimum hire purchase payments payable:				
within one year	64	54	17	20
between one and five years	149	176	15	33
	<b>213</b>	<b>230</b>	<b>32</b>	<b>53</b>
Finance charges allocated to future periods	(39)	(40)	(5)	(8)
	<b>174</b>	<b>190</b>	<b>27</b>	<b>45</b>
Included in:				
Current liabilities	52	44	14	17
Non-current liabilities	122	146	13	28
	<b>174</b>	<b>190</b>	<b>27</b>	<b>45</b>

**15. OTHER CREDITORS**

These comprise:

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Accrued operating expenses	1,627	2,439	1,412	2,111
Sundry creditors	13	24	13	9
	<b>1,640</b>	<b>2,463</b>	<b>1,425</b>	<b>2,120</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 16. AMOUNTS DUE TO BANKERS

	The Group and The Company	
	1998 \$'000	1997 \$'000
<u>Unsecured</u>		
Bank overdrafts	1,228	2,164
Short-term bank loans	3,000	–
	<b>4,228</b>	<b>2,164</b>

The amounts due to bankers bear interest between 5.5% and 8.25% per annum (1997: between 6% and 7.25% per annum).

### 17. DEFERRED TAXATION

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Balance at the beginning of year	625	377	625	377
Provided during the year	28	248	–	248
Balance at the end of year	<b>653</b>	<b>625</b>	<b>625</b>	<b>625</b>

The deferred taxation arises mainly on the excess of net book value over tax written down value of fixed assets.

### 18. LONG TERM LOANS

	The Group and The Company	
	1998 \$'000	1997 \$'000
1% Bonds due 2002 – unsecured	<b>30,000</b>	30,000

In 1997, the Company issued \$30 million unsecured 1% Bonds due 2002 ('Bonds') in conjunction with 24,000,000 detachable Warrants ('Warrants') to subscribe for 24,000,000 new ordinary shares ('New Shares') of \$0.10 each in the capital of the Company. The mandatory redemption of the Bonds at their principal amount is on 3 June 2002. Prior to that date, the Company may purchase the Bonds in the open market and may, at its option, retain, sell, cancel or otherwise deal with them.

#### Alternative Accounting Treatment – “Bond Discount” Amortisation

The above Bonds are recorded in the accounts at their principal values while no value is attributed to the warrants.

An alternative accounting treatment for issue of Bonds with Warrants is set out in Exposure Draft E48 on Financial Instruments (“E48”) and International Accounting Standard 32 on Financial Instruments : Disclosure and Presentation (“IAS 32”).

If the Company were to adopt the alternative accounting treatment under IAS 32 in respect of the Bonds, the total consideration of \$30 million on initial recognition would be described as follows:

	\$'000
Present value of Bonds	24,000
Value of Warrants	6,000
	<b>30,000</b>

The discount of \$6 million, being the difference between the principal amount of the Bonds and its present value on initial recognition, will be amortised over 5 years (the duration of the Bonds) using the discount method.

IAS 32 has not been adopted in Singapore. If it had been adopted when presenting the financial statements, the profit after taxation for the year of the Group and the Company would have been reduced by approximately \$1.1 million (1997: \$0.6 million). The net assets of the Group and the Company would have been increased by approximately \$4.3 million (1997: \$5.4 million) representing the allocated value of the Warrants less cumulative discount amortised.

	The Group and The Company	
	1998	1997
	\$'000	\$'000
<b>Profit &amp; Loss account</b>		
Reduction in profit after taxation attributable to shareholders		
– portion of deemed bond discount charged to revenue reserve	<b>1,106</b>	625
<b>Balance Sheet</b>		
Increase in capital reserve		
– deemed value of Warrants	<b>6,000</b>	6,000
Less : issue expenses	<b>(503)</b>	(503)
	<b>5,497</b>	5,497
Present value on initial recognition	<b>24,000</b>	24,000
Cumulative bond discount amortised	<b>1,731</b>	625
	<b>25,731</b>	24,625
Reduction of retained earnings:		
– portion of deemed bond discount charged to revenue reserve	<b>1,731</b>	625

**19. SHARE CAPITAL**

	The Group and The Company	
	1998	1997
	\$'000	\$'000
ORDINARY SHARES OF S\$0.10 EACH		
<b>Authorised:</b>		
Balance at beginning of year	<b>50,000</b>	20,000
Increase during the year	–	30,000
Balance at end of year	<b>50,000</b>	50,000
<b>Issued and fully paid:</b>		
Balance at beginning of year	<b>16,000</b>	8,000
Bonus issue	–	8,000
Balance at end of year	<b>16,000</b>	16,000

## NOTES TO THE FINANCIAL STATEMENTS

### 20. RESERVES

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
<b>Revenue Reserve</b>				
Balance at beginning of year	6,922	10,021	10,016	9,796
Capitalisation for bonus issue	–	(2,235)	–	(2,235)
Write off of goodwill on acquisition of an associated company	–	(1,352)	–	–
Retained profit/(accumulated loss) for the year	(4,289)	488	(6,710)	2,455
Balance at end of year	<b>2,633</b>	6,922	<b>3,306</b>	10,016
<b>Exchange Translation Reserve</b>				
Balance at beginning of year	160	–	–	–
Currency adjustment arising from translating of				
– foreign subsidiary	25	(145)	–	–
– foreign associates	–	305	–	–
Balance at end of year	<b>185</b>	160	–	–
<b>Total Reserves</b>	<b>2,818</b>	7,082	<b>3,306</b>	10,016
Retained in				
Company	3,306	10,016		
Subsidiary Companies	(916)	(455)		
Associated Companies	428	(2,479)		
	<b>2,818</b>	7,082		

### 21. TURNOVER AND RELATED PARTY TRANSACTIONS

- (a) Turnover represents mainly sale of telecommunication and datacommunication products. It excludes goods and services tax. In respect of the Group turnover, it excludes sales between group companies.
- (b) During the financial year, the following related party transactions took place on terms agreed by the parties concerned:

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
(i) Associated Companies:				
Sales to	5,386	5,935	102	76
Purchase from	171	397	61	396
Management consultancy fees received from	206	137	–	–
(ii) Subsidiary Companies:				
Sales to	–	–	16,604	16,764
Purchases from	–	–	4,247	1,222
Management fees received from	–	–	756	616
Accountancy fees received from	–	–	153	29
Office rental received from	–	–	258	110

**21. TURNOVER AND RELATED PARTY TRANSACTIONS (CONT'D)**

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
(iii) Holding Company:				
Sales to	32	30	32	30
Purchases from	52	47	52	47
Office rental expense paid to	258	185	–	–
Professional fees paid to	16	2	16	–
(iv) Group of Companies of which the Company is a subsidiary:				
Sales to	11	50	11	50
Purchases from	1	–	1	–
Office rental income received from	–	37	–	–
Warehouse rental expense paid to	137	107	137	107
(v) Substantial shareholder of the ultimate holding company:				
Sales to	117	187	117	187

**22. OPERATING PROFIT/(LOSS)**

Operating profit/(loss) is stated after charging / (crediting):

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Depreciation on:				
Motor vehicles	98	116	60	97
Office equipment	434	354	365	299
Workshop equipment	12	7	6	6
Furniture and fittings	92	82	80	77
Renovations	87	84	81	81
Equipment on rental	157	155	155	154
	<b>880</b>	<b>798</b>	<b>747</b>	<b>714</b>
Amortisation of deferred expenditure	101	59	101	59
Auditors' remuneration:				
Payable to the auditors of the Company				
– current year	61	56	37	36
– prior year over provision	(1)	1	–	–
Directors' remuneration				
Directors of the Company	449	607	449	607
Other directors	8	39	–	–
Specific provision for doubtful trade debts	185	48	185	41
Bad trade debts written off	25	4	–	–
Bad trade debts recovered	(51)	(29)	(51)	(29)
Exchange loss	963	92	879	205
Fixed assets written off	–	2	–	–
Provision for inventories obsolescence	(88)	119	(88)	119
Inventories written down	734	434	565	399
Inventories written off	2,297	72	2,295	72
Loss on disposal of fixed assets	12	25	9	24

## NOTES TO THE FINANCIAL STATEMENTS

### 23. INTEREST INCOME

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Interest income from				
– banks	330	158	272	142
– subsidiaries	–	–	443	–
	<b>330</b>	<b>158</b>	<b>715</b>	<b>142</b>

### 24. INTEREST EXPENSE

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Interest expense on				
– bank overdrafts	183	79	183	79
– short term bank loans	164	362	164	362
– letters of credits and trust receipts	204	104	204	97
– long term loans	300	173	300	173
– obligations under hire purchase	11	14	3	10
	<b>862</b>	<b>732</b>	<b>854</b>	<b>721</b>

### 25. TAXATION

The charge for taxation is made up as follows:

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
On the profit for the year:				
Current taxation	24	1,085	–	1,040
Deferred taxation	28	248	–	248
	<b>52</b>	<b>1,333</b>	<b>–</b>	<b>1,288</b>
Under/(Over) provision in previous year	1	(146)	–	(147)
On the share of under provision on current taxation of an associated company	–	6	–	–
	<b>53</b>	<b>1,193</b>	<b>–</b>	<b>1,141</b>

There is no taxation charge for the Company as it is in a tax loss position.

The Group's current year taxation charge arises from taxable profits generated by certain subsidiary companies.

As at the balance sheet date, the Group and the Company have unabsorbed capital allowances and utilised tax losses of approximately S\$741,000 (1997: Nil) and S\$1,203,000 (1997: Nil) available for offsetting against future taxable income, subject to the provisions of the Income Tax Act and agreement by the Comptroller of Income Tax.

### 26. EXTRAORDINARY ITEMS

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Provision for diminution in value of investment in associated companies	3,066	–	5,929	–
Gain on sale of a subsidiary company's name	(50)	–	(50)	–
	<b>3,016</b>	<b>–</b>	<b>5,879</b>	<b>–</b>

**27. DIVIDENDS**

	The Group and The Company	
	1998 \$'000	1997 \$'000
Ordinary dividends:		
Proposed final dividend of 0% (1997 : 6%) less tax at 26% (1997 : 26%)	—	710

**28. EARNINGS/(LOSS) PER ORDINARY SHARE**

Basic loss per ordinary share of \$0.10 each is calculated on the Group loss after taxation and minority interest of \$1,273,000 (1997 : Profit after taxation and minority interest of \$1,197,637) divided by 160,000,000 (1997 : 160,000,000) ordinary shares in issue during the year.

**29. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	The Group	
	1998 \$'000	1997 \$'000
Fixed deposits	3,962	1,455
Bank and cash balances	2,856	1,742
Bank overdrafts	(1,228)	(2,164)
	<b>5,590</b>	<b>1,033</b>

**30. REMUNERATION OF COMPANY'S DIRECTORS**

**Number of Directors in Remuneration Bands**

	Executive Directors	Non-Executive Directors	Total
Above S\$500,000	—	—	—
S\$250,000 to S\$499,999	1	—	1
Below S\$250,000	—	7	7
	<b>1</b>	<b>7</b>	<b>8</b>

**31. LEASE COMMITMENTS**

At 31 December 1998, the minimum lease payments for non-cancellable operating leases with a term of more than one year in respect of the rental of premises and office equipment are as follows:

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Payable within 1 year	918	1,226	892	1,174
Payable between 1 and 5 years	129	1,043	129	1,037
Payable after 5 years	—	—	—	—
	<b>1,047</b>	<b>2,269</b>	<b>1,021</b>	<b>2,211</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 32. COMMITMENTS

At 31 December 1998, the Group and the Company have the following commitments:

	The Group		The Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Forward exchange contracts to purchase foreign currencies	10,332	24,190	10,332	24,190
Capital expenditure committed	5,030	–	–	–

### 33. CONTINGENT LIABILITIES

	The Company	
	1998 \$'000	1997 \$'000
Guarantees given to a bank in connection with unsecured performance guarantees issued for subsidiaries and associates	346	3,344

The Company has also issued letters of awareness to banks in respect of short-term loan facilities given by the banks to an associated company. As at the balance sheet date, short-term loans owing by this associated company to the banks amount to \$18.4 million (1997: \$14 million).

### 34. SUBSEQUENT EVENTS

- (a) A company, Internoc Singapore Pte Ltd, is incorporated for providing remote systems and network management services, and implementation of Network Operating Centre. The Company will own 49% of the shareholdings with the remaining 51% owned by Internoc Holdings NV of Netherlands.

This is not expected to have a significant impact on the results of the operations of the Company and Group from the end of the financial year to the date of this report.

- (b) The following subsidiaries issued shares at par, to the Company for partial settlement of amounts owed by these subsidiaries to the Company:

Name of Subsidiary	No. of ordinary shares issued and fully paid
Plexus Technology Pte Ltd	1,200,000 at S\$1 each
Telebit (S) Pte Ltd	1,200,000 at S\$1 each
TD-Services (S) Pte Ltd	499,994 at S\$1 each

### 35. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

**36. GROUP SEGMENTAL INFORMATION**

- (a) The activities of the Company and its subsidiaries are substantially in the telecommunications industry, reporting by industry segment is not applicable.
- (b) Information of the group by geographical location based on countries of incorporation are as follows:

	Turnover		Operating profit/(loss) Before taxation		Assets Employed	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Singapore	<b>100,250</b>	112,136	<b>(921)</b>	4,639	<b>79,125</b>	82,353
Asean (excluding Singapore)	<b>4,354</b>	5,366	<b>(218)</b>	75	<b>3,626</b>	5,296
Inter-segment adjustments	<b>(23,743)</b>	(24,386)	–	–	–	–
	<b>80,861</b>	93,116	<b>(1,139)</b>	4,714	<b>82,751</b>	87,649

- (i) The above segmental information has been compiled in a consistent manner. The division of the Group's results and assets into geographical segments has been ascertained by reference to direct identification of assets and revenue. Inter-segment pricing is based on terms agreed between the segments concerned.
- (ii) In arriving at the turnover, operating profits/(loss) and assets employed, the Group's share of associated companies' turnover and operating profits/(loss) and the Group's investment in associated companies are excluded.

## GROUP VALUE ADDED STATEMENT

For the Year Ended 31 December 1998

	1998		1997	
	\$'000	%	\$'000	%
Turnover	80,861		93,116	
Bought-In Materials and Services	69,335		72,591	
Gross value added from operations	11,526	96.8	20,525	111.4
Interest	330	2.8	158	0.9
Share of results of associated companies	44	0.4	(2,271)	(12.3)
Total value added available for distribution	11,900	100.0	18,412	100.0
Distribution to:				
Employees as salaries & other staff costs	14,394	121.0	14,491	78.6
Government as corporate taxes	53	0.4	1,193	6.5
Banks and other lenders as interest	862	7.2	732	4.0
Shareholders of the company as dividends	0	0.0	710	3.9
Total Distribution	15,309	128.6	17,126	93.0
Retained in the business:				
Depreciation of fixed assets	880	7.4	798	4.3
Retained profit	(4,289)	(36.0)	488	2.7
	(3,409)	(28.6)	1,286	7.0
Total value added	11,900	100.0	18,412	100.0

## PRODUCTIVITY DATA

Value added per employee (\$)	34.59	50.17
Value added per \$ employee cost	0.83	1.27
Value added per \$ turnover	0.15	0.20
Value added per \$ investment in fixed assets (before depreciation)	0.90	1.89
Turnover per employee (\$)	235	254
Number of employees at 31 December	344	367

**SHAREHOLDING STATISTICS**

As at 8 April 1999

**DISTRIBUTION OF SHAREHOLDINGS**

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 1,000	351	8.20	346,734	0.22
1,001 – 10,000	3,179	74.26	14,491,954	9.06
10,001 – 1,000,000	741	17.31	34,438,976	21.52
1,000,001 and above	10	0.23	110,722,336	69.20
<b>Total</b>	<b>4,281</b>	<b>100.00</b>	<b>160,000,000</b>	<b>100.00</b>

**TWENTY LARGEST SHAREHOLDERS**

No.	Name of Shareholder	No. of Shares	% of Shares
1.	Intraco Limited	81,293,752	50.81
2.	Shamsuddin bin Abdul Kadir	7,980,000	4.99
3.	United Overseas Bank Nominees Pte Ltd	5,782,000	3.61
4.	DBS Nominees Pte Ltd	4,831,000	3.02
5.	HSBC (Singapore) Nominees Pte Ltd	2,288,000	1.43
6.	Han Meng Siew	2,259,404	1.41
7.	Ng Siew Leng	1,730,472	1.08
8.	Tay Han Tung	1,671,000	1.04
9.	Koh Kim Cheong	1,526,708	0.95
10.	Tan Seng Hock	1,360,000	0.85
11.	Citibank Consumer Nominees Singapore Pte Ltd	760,000	0.48
12.	Oversea-Chinese Bank Nominees Pte Ltd	722,000	0.45
13.	Overseas Union Bank Nominees Pte Ltd	655,000	0.41
14.	DB Nominees (S) Pte Ltd	650,000	0.41
15.	Lee Kai Heng	600,000	0.38
16.	Tong Hing Wong	591,000	0.37
17.	Lee Cheng Yong	500,000	0.31
18.	Oh Tian Teck	500,000	0.31
19.	Hong Leong Finance Nominees Pte Ltd	499,000	0.31
20.	Ong Leong Soon	460,000	0.29
<b>Total</b>		<b>116,659,336</b>	<b>72.91</b>

**SUBSTANTIAL SHAREHOLDER**

Name of Shareholder	Direct Interest	Percentage (%) of Issued Capital	Deemed Interest (Pursuant to Section 7) of The Companies Act, (Cap 50)	Percentage (%) of Issued Capital
Intraco Limited	81,293,752	50.81	–	–

## SHAREHOLDING STATISTICS

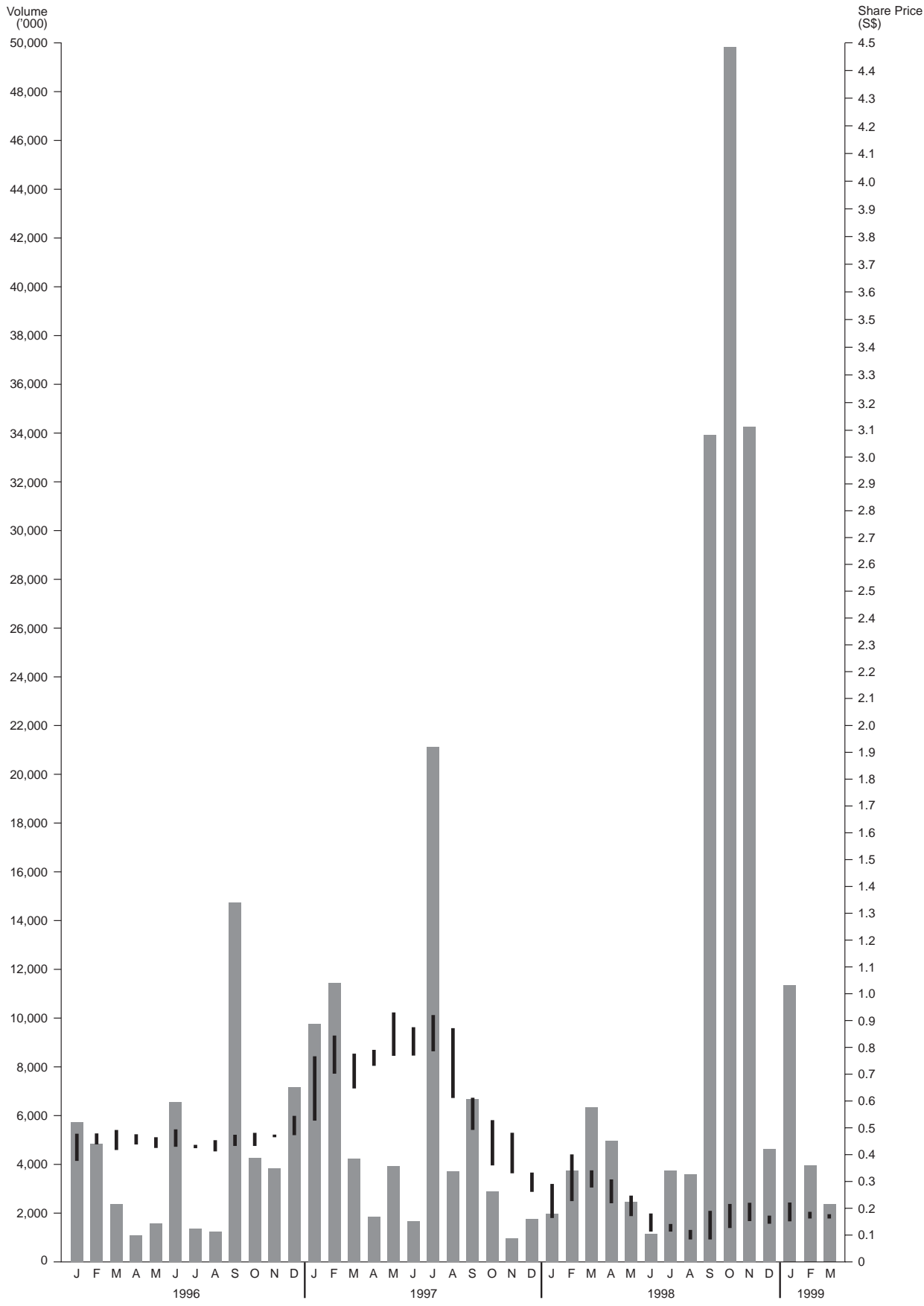
### DISTRIBUTION OF WARRANTHOLDERS

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
1 – 1,000	594	44.33	374,260	1.56
1,001 – 10,000	556	41.49	2,752,400	11.47
10,001 – 1,000,000	188	14.03	7,481,340	31.17
1,000,001 and above	2	0.15	13,392,000	55.80
<b>Total</b>	<b>1,340</b>	<b>100.00</b>	<b>24,000,000</b>	<b>100.00</b>

### TWENTY LARGEST WARRANTHOLDERS

No.	Name of Warrantholders	No. of Warrants	% of Warrants
1.	Intraco Limited	12,195,000	50.81
2.	Shamsuddin bin Abdul Kadir	1,197,000	4.99
3.	DBS Nominees Pte Ltd	530,641	2.21
4.	Phillip Securities Pte Ltd	323,566	1.35
5.	Tan Lye Seng	323,000	1.34
6.	Ng Siew Leng	269,000	1.12
7.	Koh Kim Cheong	206,000	0.86
8.	Thia Ah Min	140,000	0.58
9.	Lim Hui Lin	136,000	0.57
10.	Herman Halim	134,000	0.56
11.	Chua Yin Hsiang Ian	120,000	0.50
12.	HSBC (Singapore) Nominees Pte Ltd	115,500	0.48
13.	Lee Seow Hong	100,000	0.42
14.	Sowaran Singh s/o Mohinder Singh	100,000	0.42
15.	Tai Kue Eng	100,000	0.42
16.	Ng Sui Khin	91,000	0.38
17.	Sim Boon Yeow	83,000	0.34
18.	Chan Hian Toon	75,000	0.31
19.	Liew Chee Kong	75,000	0.31
20.	Tan Kiat Khoon	72,000	0.30
<b>Total</b>		<b>16,385,707</b>	<b>68.27</b>

# SHARE PRICE AND VOLUME



Volume
  High/Low Share Price  
 (Adjusted after taking into account of the bonus issue in June 1997)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Third Annual General Meeting of the abovenamed company will be held at The Board Room, 230 Victoria Street, #12-00, Bugis Junction Tower, Singapore 188024, on Friday, the 21st day of May 1999 at 9.30am for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 1998, together with the Auditors' Report thereon **(Resolution 1)**
2. To approve Directors' fees for the year ended 31 December 1998. **(Resolution 2)**
3. (a) To re-elect the following Directors retiring by rotation under Article 100:-
  - (i) Mr Wong Lin Hong **(Resolution 3)**
  - (ii) Mrs Goh-Wong Pei Leng **(Resolution 4)**
- (b) To accept Mr Tay Kim Hock's retirement under Article 100 and to resolve not to fill up such vacated office. **(Resolution 5)**
4. To re-appoint Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business.

Note: Mr Wong Lin Hong when re-elected will be considered as an independent director on the Audit Committee pursuant to Clause 9B02(2) of the Listing Manual.

### AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following as an Ordinary Resolution:- **(Resolution 7)**

"That pursuant to Section 161 of the Companies Act, Chapter 50, approval be and is hereby given to the Directors to issue and allot further shares in the Company at any time to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution shall not exceed ten per cent (10%) of the issued share capital of the Company for the time being."
7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution with or without any modifications: **(Resolution 8)**

That:

(1) approval be and is hereby given:

- (i) for the purposes of Chapter 9A of the Listing Manual of the Stock Exchange of Singapore Limited, for the Company, its subsidiaries and target associated companies (the "Group") or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Company's Circular to Members dated 14 November 1997 (the "Circular") with any party who is of the class of Interested Persons described in the Circular; and
- (ii) for the purposes of Section 160A of the Companies Act, Chapter 50, for the Company and its subsidiaries or any of them to enter into any of the transactions falling within the types of Interested Person Transactions described in the Circular for the acquisition or disposal of non-cash assets exceeding S\$100,000 in value with a Director of the Company, a director of its holding company or a director of any of the Company's subsidiaries or a person connected (within the meaning ascribed

## NOTICE OF ANNUAL GENERAL MEETING

to that term in Section 160D of the Companies Act) with a Director of the Company, a director of its holding company or a director of any of its subsidiaries,

provided that such transactions are made on an arm's length basis and on normal commercial terms;

- (2) such approval (the "Mandate") shall, unless revoked or varied by the Company in General Meeting, continue to be in force until the next Annual General Meeting of the Company; and
- (3) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Mandate and/or this Resolution.

On behalf of the Board of Directors

**Ng Siew Leng**  
**Emily Chin Mei Fong**  
Company Secretaries

Singapore, 5 May 1999

### NOTES

1. With the exception of The Central Depository (Pte) Limited (who may appoint more than two proxies), a member entitled to attend and vote at the above meeting is entitled to appoint no more than two proxies to attend and vote on his behalf and such proxy need not be a member of the Company.
2. Proxies must be deposited at the Registered Office of the Company at 10 Dundee Road, #06-01, Setron Building, Singapore 149455 not less than 48 hours before the above meeting.
3. Ordinary Resolution No. 7 under the heading "Special Business", if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to and not exceeding in total 10 per centum of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will continue to be in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.
4. Ordinary Resolution No. 8 under the heading "Special Business" is to renew the Mandate to allow the Company, its subsidiaries and target associated companies or any of them to enter into certain interested person transactions with persons who are considered "interested persons" (as defined in Chapter 9A of the Listing Manual of the Stock Exchange of Singapore Limited).

## NOTES

I/We,

of

being member/members of TELEDATA (SINGAPORE) LIMITED (the "Company"), hereby appoint

Name	Address	NRIC / Passport Number	Proportion of Shareholdings
and/or (delete as appropriate)			

as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf, at the 23rd Annual General Meeting of the Company, to be held at The Board Room, 230 Victoria Street, #12-00 Bugis Junction Towers, Singapore 188024, on Friday, the 21st day of May 1999 at 9.30 a.m. and at any adjournment thereof. \*I/We direct \*my/our \*proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion, as \*he/they will on any other matter arising at the Meeting.

No.	Resolutions	For	Against
1.	To receive the Directors' Report and the Audited Accounts for the financial year ended 31 December 1998, together with the Auditors' Report thereon.		
2.	To approve payment of Directors' fees.		
3.	To re-elect Mr Wong Lin Hong retiring by rotation under Article 100.		
4.	To re-elect Mrs Goh-Wong Pei Leng retiring by rotation under Article 100.		
5.	To accept Mr Tay Kim Hock's retirement under Article 100 and to resolve not to fill up such vacated office.		
6.	To re-appoint Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.		
8.	To renew the Mandate for Interested Persons transactions of the Group.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 1999.

Total Number of Shares Held	
--------------------------------	--

\_\_\_\_\_  
Signature(s) of member(s)/Common Seal

#### NOTES

- A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the proportion of Shares to be represented by each proxy must be stated. If no such proportion of number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy is alternate to the first named.
- This instrument of proxy must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or its attorney or affixed with its common seal thereto.
- A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representative in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such body corporate.
- This instrument appointing a proxy or proxies, duly stamped (together with the power of attorney (if any) under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company at 10 Dundee Road, #06-01 Setron Building, Singapore 149455 not less than 48 hours before the time fixed for holding the Annual General Meeting.
- A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
- The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of members whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for the holding of the Annual General Meeting as certified by CDP to the Company.

\*Delete Accordingly

FOLD THIS FLAP FOR SEALING

---

AFFIX  
POSTAGE  
STAMP  
HERE

**The Company Secretary**  
**TELEDATA (SINGAPORE) LIMITED**  
**10 Dundee Road #06-01**  
**Setron Building**  
**Singapore 149455**

2ND FOLD HERE

---

3RD FOLD HERE

---



**TELEDATA**

— *The Architect of* —  
*Voice and Data Communications*

**TELEDATA (SINGAPORE) LIMITED**

10 Dundee Road #06-01 Setron Building Singapore 149455

Tel: (65) 471 1733 Fax: (65) 471 1766

Website: [www.teledata.com.sg](http://www.teledata.com.sg)