

**TeleChoice International Limited
and its Subsidiaries
Registration Number: 199802072R**

**Condensed Interim Financial Statements
For the half year ended 30 June 2023**



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for Period ended 30 June 2023

Consolidated Statement of Profit or Loss

In S\$'000	1H2023	1H2022	+/- %
Revenue (Note 1)	101,691	99,071	2.6%
Cost of sales (Note 1)	(92,911)	(91,536)	-1.5%
Gross profit (Note 2a)	8,780	7,535	16.5%
Gross margin % (Note 2b)	8.6%	7.6%	1.0 ppt
Other income (Note 3)	266	493	-46.1%
Selling and marketing expenses (Note 4)	(3,799)	(4,078)	6.8%
Administrative expenses (Note 5)	(8,527)	(7,528)	-13.3%
Other expenses (Note 6)	(245)	(209)	-17.0%
Net finance costs (Note 7)	(295)	(177)	-66.7%
Operating loss before share of loss of associate and income tax	(3,820)	(3,964)	3.6%
Share of loss of associate (net of tax) (Note 8)	(18)	(43)	58.1%
Loss before income tax	(3,838)	(4,007)	4.2%
% of revenue	-3.8%	-4.0%	0.2 ppt
Income tax expense (Note 9)	(427)	(402)	-6.2%
Loss for the period	(4,265)	(4,409)	3.3%
Attributable to:			
Equity holders of the Company	(4,265)	(4,409)	3.3%
% of revenue	-4.2%	-4.5%	0.3 ppt
Non-controlling interests	—	—	—
	(4,265)	(4,409)	3.3%
Weighted average number of shares (in S\$'000)	452,173	453,543	
Earnings per share (in cents)			
Basic	(0.94)	(0.97)	
Diluted	(0.91)	(0.95)	

Consolidated Statement of Other Comprehensive Income

In S\$'000	1H2023	1H2022	+/- %
Loss for the period	(4,265)	(4,409)	3.3%
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Translation differences relating to financial statements of foreign subsidiaries	397	(264)	nm
Share of foreign currency translation differences of associate	(2)	—	nm
Exchange differences on monetary items forming part of net investment in a foreign operation	(29)	(164)	nm
Total comprehensive income for the period	(3,899)	(4,837)	19.4%
Attributable to:			
Equity holders of the Company	(3,899)	(4,837)	19.4%
Non-controlling interests	—	—	—
Total comprehensive income for the period	(3,899)	(4,837)	19.4%

nm - not meaningful

Explanatory Notes to the Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

- (1) The increase in the Group revenue in 1H2023 against 1H2022 was attributed to the ICT and Engineering divisions. Correspondingly, cost of sales was higher.
- (2a) The increase in the Group gross profit in 1H2023 against 1H2022 was attributed to the ICT and Engineering divisions.
- (2b) The increase in the Group gross margin in 1H2023 against 1H2022 was attributed to the PCS and Engineering divisions.
- (3) Other income was lower in 1H2023 due to lower government grants received in Singapore.
- (4) The decrease in selling and marketing expenses in 1H2023 against 1H2022 was mainly due to lower staff costs.
- (5) The increase in administrative expenses in 1H2023 against 1H2022 was mainly due to higher professional and IT fees incurred. This was partially mitigated by lower staff costs in 1H2023.
- (6) Other expenses in 1H2023 was higher than 1H2022 mainly due to higher foreign exchange loss.
- (7) Higher finance costs in 1H2023 was due to higher interest rate as compared to 1H2022.
- (8) Share of loss of associate was from MVI Systems Limited. The lower share of loss in 1H2023 against 1H2022 was mainly attributed to the higher revenue for projects completed during the period.
- (9) The increase in income tax expense in 1H2023 was due to higher profit recorded by the Indonesian operation, resulting in a higher tax provision.

B. Condensed Interim Statements of Financial Position
As at 30 June 2023

In S\$'000	Group		Company	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
<u>Non-current assets</u> (Note (i))				
Subsidiaries	—	—	20,071	19,561
Associate	1,824	1,844	—	—
Plant and equipment	814	1,037	27	38
Right-of-use assets	2,955	4,426	1,176	1,765
Intangible assets	257	514	8	29
Deferred tax assets	624	612	28	28
Trade and other receivables	758	1,065	—	—
	7,232	9,498	21,310	21,421
<u>Current assets</u> (Note (ii))				
Inventories	12,751	12,353	4,683	7,291
Contract assets	25,374	25,047	—	—
Trade and other receivables	37,105	46,380	11,445	11,786
Cash and cash equivalents	22,691	18,372	5,264	2,024
	97,921	102,152	21,392	21,101
Total assets	105,153	111,650	42,702	42,522
<u>Equity</u>				
Share capital	21,987	21,987	21,987	21,987
Other reserves	6,391	6,355	14,255	14,375
Accumulated profits	10,716	14,901	(2,340)	(2,226)
Equity attributable to equity holders of the Company	39,094	43,243	33,902	34,136
Non-controlling interests	—	—	—	—
Total equity (Note (iii))	39,094	43,243	33,902	34,136
<u>Non-current liabilities</u> (Note (iv))				
Lease liabilities	461	983	31	490
Provisions	432	432	294	294
Other payables	460	407	—	—
Contract liabilities	150	82	—	—
	1,503	1,904	325	784
<u>Current liabilities</u> (Note (ii))				
Trade and other payables	44,129	52,809	7,320	6,322
Contract liabilities	10,698	7,194	—	—
Provision	262	485	—	—
Current tax payable	322	32	—	—
Loans and borrowings	6,645	2,578	—	—
Lease liabilities	2,500	3,405	1,155	1,280
	64,556	66,503	8,475	7,602
Total liabilities (Note (iii))	66,059	68,407	8,800	8,386
Total equity and liabilities	105,153	111,650	42,702	42,522

(i) The lower non-current assets as at 30 June 2023 were mainly due to depreciation of the right-of-use assets for the period.

(ii) The lower net current assets as at 30 June 2023 were mainly due to lower net contract assets.

(iii) The lower total equity as at 30 June 2023 was due to losses recorded for 1H2023.

(iv) The lower non-current liabilities as at 30 June 2023 were due to lease repayment during the period.

C. Condensed Interim Consolidated Statement of Cash Flows
Period ended 30 June 2023

In S\$'000	1H2023	1H2022
Operating Activities		
Loss before income tax	(3,838)	(4,007)
Adjustments for:		
Amortisation of intangible assets	278	173
Depreciation of plant and equipment	369	394
Depreciation of right-of-use assets	1,948	1,974
Finance costs	330	229
Finance income	(35)	(52)
Gain on disposal of plant and equipment	(9)	(52)
Loss from derecognition of ROU assets	8	–
Gain on disposal of a subsidiary	(77)	–
(Reversal)/impairment of receivables	(4)	1
Share-based payments expenses	195	233
Share of loss of an associate	18	43
Cash used in operating profit before working capital changes	(817)	(1,064)
Changes in working capital	3,756	(11,207)
Cash generated from/(used in) operations	2,939	(12,271)
Income tax paid	(78)	(173)
Net cash inflow/(outflow) from operating activities	2,861	(12,444)
Investing Activities		
Acquisition of subsidiaries, net of cash acquired	–	(171)
Disposal of a subsidiary, net of cash disposed of	(60)	–
Purchase of intangible assets	(20)	(205)
Purchase of plant and equipment	(149)	(304)
Proceeds from disposal of plant and equipment	18	57
Interest received	16	34
Net cash outflow from investing activities	(195)	(589)
Financing Activities		
Dividend paid	–	(567)
Interest paid	(315)	(213)
Purchase of treasury shares	(55)	(67)
Payment for share options	(518)	–
Proceeds from bank loans	8,394	6,138
Repayment of short-term bank loans	(4,295)	(3,611)
Payment of lease liabilities	(1,523)	(1,852)
Net cash inflow/(outflow) from financing activities	1,688	(172)
Net increase/(decrease) in cash and cash equivalents	4,354	(13,205)
Cash and cash equivalents at beginning of period	18,372	34,811
Effect of exchange rate changes on balances held in foreign currencies	(35)	(177)
Cash and cash equivalents at end of period	22,691	21,429



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Cash flows from operating activities

Net cash inflow in 1H2023 was mainly due to the positive changes in working capital attributable to lower receivables and net contract assets. Net cash outflow in 1H2022 was mainly due to the negative changes in working capital attributable to higher inventories and lower payables balances.

Cash flows from investing activities

Net cash outflow in 1H2023 and 1H2022 were mainly in capital expenditure. In 1H2023, there was a net cash outflow arising from disposal of NexWave Telecoms Pte. Ltd. on 31 May 2023, while in 1H2022, there was a net cash outflow from the acquisition of 100% of Radiance Communications Pte Ltd ("**RCPL**") on 10 June 2022.

Cash flows from financing activities

The net cash inflow in 1H2023 was mainly due to net proceeds from bank loans. In 1H2023, due to the Company's low public float and low trading liquidity, the outstanding 2021 Restricted Share Plan ("RSP") was settled in cash. In addition, there was no dividend payment in 1H2023 as compared to a dividend payment of \$567,000 paid in 1H2022.

D. Condensed Interim Statements of Changes in Equity
Period ended 30 June 2023

In S\$'000	Share capital	Accumulated profits	Other reserves	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
GROUP						
At 1 January 2022	21,987	27,685	7,637	57,309	—	57,309
Total comprehensive income for the year	—	(4,409)	(428)	(4,837)	—	(4,837)
Purchase of treasury shares	—	—	67	67	—	67
Issue of treasury shares	—	—	(67)	(67)	—	(67)
Share-based payments expenses	—	—	233	233	—	233
FY2021 final dividend of 0.125 cents per share (one-tier tax exempt)	—	(567)	—	(567)	—	(567)
At 30 June 2022	21,987	22,709	7,442	52,138	—	52,138
At 1 January 2023	21,987	14,901	6,355	43,243	—	43,243
Total comprehensive income for the year	—	(4,265)	366	(3,899)	—	(3,899)
Payment for share options	—	80	(598)	(518)	—	(518)
Purchase of treasury shares	—	—	(55)	(55)	—	(55)
Issue of treasury shares	—	—	128	128	—	128
Share-based payments expenses	—	—	195	195	—	195
At 30 June 2023	21,987	10,716	6,391	39,094	—	39,094

D. Condensed Interim Statements of Changes in Equity
Period ended 30 June 2023

In S\$'000	Share capital	Accumulated profits	Other reserves	Total equity
<u>COMPANY</u>				
At 1 January 2022	21,987	773	14,084	36,844
Total comprehensive income for the period	–	(603)	–	(603)
Purchase of treasury shares	–	–	67	67
Issue of treasury shares	–	–	(67)	(67)
Share-based payments to employees of Company's subsidiaries	–	–	65	65
Share-based payments expenses	–	–	168	168
FY2021 final dividend of 0.125 cents per share (one-tier tax exempt)	–	(567)	–	(567)
At 30 June 2022	21,987	(397)	14,317	35,907
At 1 January 2023	21,987	(2,226)	14,375	34,136
Total comprehensive income for the year	–	(165)	–	(165)
Purchase of treasury shares	–	–	(55)	(55)
Payment for share options	–	51	(388)	(337)
Issue of treasury shares	–	–	128	128
Share-based payments to employees of Company's subsidiaries	–	–	36	36
Share-based payments expenses	–	–	159	159
At 30 June 2023	21,987	(2,340)	14,255	33,902

E. Notes to the Condensed Interim Financial Statements

1. Corporate information

TeleChoice International Limited ("the Company" or "TeleChoice") is a company incorporated in the Republic of Singapore. The Company has its registered office at 25 North Bridge Road, Level 7, Singapore 179104 and its place of business at 5A Toh Guan Road East #06-02A, Singapore 608830.

These condensed interim financial statements as at and for the half year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the Group).

The principal activities of the Company during the financial period are investment holding and those of wholesalers, retailers, suppliers, importers, exporters, distributors, agents and dealers of mobile phones, prepaid cards, radio and telecommunication equipment and accessories and the provision of related services.

The immediate and ultimate holding companies are STT Communications Ltd ("STTC") and Temasek Holdings (Private) Limited, respectively. These companies are incorporated in the Republic of Singapore. Temasek Holdings (Private) Limited is wholly-owned by the Minister for Finance, a body corporate constituted under the Minister for Finance (Incorporation) Act, 1959.

2. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of estimates and judgements

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different marketing and technical expertise. For each of the strategic business units, the Group's President & CEO reviews internal management reports on a monthly basis. The following describes the operations in each of the Group's reportable segments:

Personal Communications Solutions Services ("PCS"): This division is a regional provider of distribution, supply chain fulfilment and retail managed services relating to mobile communication devices and accessories. It also engages in the provision of product management, marketing, e-commerce and last mile delivery for smart and green products and services. In Singapore, it operates a retail chain under the Planet Telecoms brand, and it is the only StarHub Ltd ("StarHub") Exclusive Partner to manage StarHub Platinum Shops. In addition, it is the master distributor of StarHub's prepaid card business. PCS also manages retail concept stores for major mobile device manufacturers such as Samsung and OPPO. In Malaysia, PCS provides supply chain fulfilment and managed retail services to U Mobile Sdn Bhd, a data-centric and multiple award-winning mobile data service company. PCS also operates an e-commerce site, www.eplanetworld.com, which offers the latest smart mobile devices, accessories as well as smart and green gadgets and wearables for online shoppers.

Info-Communications Technology Services ("ICT"): This Division is a leading regional integrated info-communications solutions provider. It offers consultancy and system integration services for enterprise IT infrastructure, and cutting-edge business solutions and applications. Its extensive offerings include on-premise and cloud-based solutions and services for campus management, customer relationship management, contact centre and unified communications and Internet of Things ("IoT") applications as well as fixed and wireless networking solutions. It also provides consultancy and managed services to help companies adopt cloud, big data, analytics, IoT, integrated learning and smart building solutions to transform their businesses. In addition, ICT provides Internet Protocol television solutions for the hospitality industry and has a Service-Based Operator licence that offers IDD, SMS broadcast and other enterprise mobility solutions and services.

Network Engineering Services ("Engineering"): This Division is a regional provider of network engineering services and supplier of specialised telecommunications products. It designs, builds and manages telecommunications networks, and provides a comprehensive suite of specialised products and solutions to address the network infrastructure needs of fixed and mobile operators in Asia-Pacific. Its services encompass radio network planning and optimisation, transmission network planning, network implementation, maintenance, and project management for cellular (including 5G) network services. Engineering also offers an extensive range of innovative and cost-effective products for telecommunications access and coverage needs, as well as for power supply and power backup requirements.



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	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
Revenue	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and cards sales	36,087	47,424	17,893	6,805	2,632	3,152	56,612	57,381
Voice services, mobile data and location tracking, logistic and consultancy services	3,502	3,879	1,335	1,015	–	–	4,837	4,894
Maintenance support services	–	–	8,329	9,094	17	30	8,346	9,124
Network engineering projects	–	–	–	–	23,349	21,806	23,349	21,806
Info-communication technology projects	–	–	8,547	5,866	–	–	8,547	5,866
Total revenue from external customers	39,589	51,303	36,104	22,780	25,998	24,988	101,691	99,071
Inter-segment revenue	–	–	97	75	–	–	97	75
	39,589	51,303	36,201	22,855	25,998	24,988	101,788	99,146
Timing of revenue recognition								
Products transferred at a point in time	39,589	51,303	22,179	13,800	5,830	4,871	67,598	69,974
Products and services transferred over time	–	–	13,925	8,980	20,168	20,117	34,093	29,097
	39,589	51,303	36,104	22,780	25,998	24,988	101,691	99,071



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	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	1H2023 S\$'000	1H2022 S\$'000	1H2023 S\$'000	1H2022 S\$'000	1H2023 S\$'000	1H2022 S\$'000	1H2023 S\$'000	1H2022 S\$'000
Interest income	46	19	73	22	18	34	137	75
Interest expenses	91	135	114	19	227	98	432	252
Amortisation of intangible assets	24	26	250	147	4	–	278	173
Depreciation of plant and equipment	86	102	165	137	118	155	369	394
Depreciation of right-of-use assets	1,873	1,862	17	7	58	105	1,948	1,974
Reportable segment (loss)/profit before income tax	(451)	16	(2,674)	(3,074)	(695)	(906)	(3,820)	(3,964)
Share of loss of associate (net of tax)	–	–	(18)	(43)	–	–	(18)	(43)
Reportable segment assets	25,853	36,280	41,096	39,419	36,380	36,120	103,329	111,819
Investment in associate	–	–	1,824	1,776	–	–	1,824	1,776
Capital expenditure								
- Plant and equipment	6	176	28	65	115	63	149	304
- Intangible assets	–	9	17	196	3	–	20	205
Reportable segment liabilities	11,207	20,092	38,691	26,827	16,161	14,538	66,059	61,457



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Reconciliations of reportable segment revenue, profit or loss, assets and liabilities and other material items:

Group	1H2023	1H2022
	S\$'000	S\$'000
Revenue		
Total revenue for reportable segments	101,788	99,146
Elimination of inter-segment revenue	(97)	(75)
Consolidated revenue	101,691	99,071
Profit or loss		
Total loss for reportable segments	(3,820)	(3,964)
Share of loss of associate	(18)	(43)
Consolidated loss before income tax	(3,838)	(4,007)
Assets		
Total assets for reportable segments	103,329	111,819
Investment in associate	1,824	1,776
Consolidated total assets	105,153	113,595
Liabilities		
Total liabilities for reportable segments	66,059	61,457

	Reportable segment totals	Adjustments	Consolidated totals
	S\$'000	S\$'000	S\$'000
Other material items 1H2023			
Interest income	(137)	102	(35)
Interest expenses	432	(102)	330
Capital expenditure			
- plant and equipment	149	—	149
- intangible assets	20	—	20
Other material items 1H2022			
Interest income	(75)	23	(52)
Interest expenses	252	(23)	229
Capital expenditure			
- plant and equipment	304	—	304
- intangible assets	205	—	205

Geographical segments

The Group has operations primarily in Singapore, Indonesia, Philippines and Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

30 June 2023	Revenue S\$'000	Non-current assets* S\$'000
Revenue		
Singapore	75,116	3,684
Indonesia	20,970	236
Malaysia	4,245	92
Philippines	710	14
Hong Kong	4	1,824
Other countries	646	—
	101,691	5,850
30 June 2022	Revenue S\$'000	Non-current assets* S\$'000
Revenue		
Singapore	77,730	13,804
Indonesia	15,913	435
Malaysia	3,332	70
Philippines	1,946	44
Hong Kong	1	1,776
Other countries	149	—
	99,071	16,129

* Non-current assets presented consist of plant and equipment, intangible assets, right-of-use assets and investment in associate.

5. Financial assets and financial liabilities

	Amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000
Group			
30 June 2023			
<i>Financial assets not measured at fair value</i>			
Trade and other receivables*	31,536	—	31,536
Cash and cash equivalents	22,691	—	22,691
	<u>54,227</u>	<u>—</u>	<u>54,227</u>
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables#	—	43,052	43,052
Loans and borrowings	—	6,645	6,645
	<u>—</u>	<u>49,697</u>	<u>49,697</u>
Company			
30 June 2023			
<i>Financial assets not measured at fair value</i>			
Trade and other receivables*	11,220	—	11,220
Cash and cash equivalents	5,264	—	5,264
	<u>16,484</u>	<u>—</u>	<u>16,484</u>
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables#	—	7,316	7,316
	<u>—</u>	<u>7,316</u>	<u>7,316</u>
Group			
31 December 2022			
<i>Financial assets not measured at fair value</i>			
Trade and other receivables*	40,041	—	40,041
Cash and cash equivalents	18,372	—	18,372
	<u>58,413</u>	<u>—</u>	<u>58,413</u>
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables#	—	51,429	51,429
Loans and borrowings	—	2,578	2,578
	<u>—</u>	<u>54,007</u>	<u>54,007</u>
Company			
31 December 2022			
<i>Financial assets not measured at fair value</i>			
Trade and other receivables*	11,642	—	11,642
Cash and cash equivalents	2,024	—	2,024
	<u>13,666</u>	<u>—</u>	<u>13,666</u>
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables#	—	6,318	6,318
	<u>—</u>	<u>6,318</u>	<u>6,318</u>

* Excludes prepayments and deferred expenses

Excludes advances from customers

6. Loss before tax

Loss before tax is arrived at after charging/(crediting) the following items:

Group	Note	1H2023 S\$'000	1H2022 S\$'000
Amortisation of intangible assets	(a)	278	173
Depreciation of plant and equipment		369	394
Depreciation of right-of-use assets		1,948	1,974
Audit fees paid to:			
- auditors of the Company		124	113
- other auditors	(b)	120	66
Cost of inventories recognised as an expense in income statement	(c)	45,019	52,207
Directors' remuneration		236	238
Grant income from Job Support Scheme	(d)	—	(20)
Other government grants	(d)	(119)	(249)
Net exchange loss	(e)	96	63
(Reversal)/impairment on trade receivables		(4)	1
Gain on disposal of plant and equipment and intangible assets	(f)	(1)	(52)
Write down/(back) of inventories to net realisable value, net	(g)	27	(72)
Gain on disposal of a subsidiary	(h)	(77)	—
Employee benefits expense			
Staff costs		20,471	21,058
Contributions to defined contribution plans, included in staff costs		1,475	1,402
Share-based payments expenses, included in staff costs		195	233
Finance income			
Interest income			
- banks and financial institutions		(19)	(34)
- interest accretion		(16)	(18)
	(i)	(35)	(52)
Finance costs			
Interest expense			
- banks and financial institutions		265	131
- leases liabilities		49	82
- interest accretion		16	16
	(j)	330	229

- (a) The higher amortisation of intangible assets in 1H2023 was mainly attributed to RCPL which was acquired in June 2022.
- (b) Higher audit fees paid to other auditors in 1H2023 was mainly due to earlier commencement of internal audits compared to the previous year.
- (c) The decrease in cost of inventories in 1H2023 was in line with the decrease in equipment revenue.
- (d) Government grants received in Singapore in 1H2023 were lower than in 1H2022. In 1H2022, there was receipt of Job Growth Incentive.
- (e) In 1H2023, net exchange loss arose mainly from USD net assets due to the weakening USD against SGD. There was also unrealised loss from the revaluation of the SGD intercompany receivables due from its Malaysian subsidiary. Net exchange loss in 1H2022 arose mainly from the revaluation of the short-term SGD loan to a subsidiary in the Philippines.
- (f) Gain on disposal of plant and equipment in 1H2022 was attributable to the Engineering division.

- (g) The write down of inventories to net realisable value in 1H2023 was attributable to slow moving inventories. The write back of inventories in 1H2022 was attributable to sale of slow-moving inventories which were written down in 1H2021.
- (h) The Group disposed of its wholly-owned subsidiary, NexWave Telecoms Pte. Ltd. on 31 May 2023.
- (i) Lower finance income in 1H2023 was mainly attributed to lower interest income earned from bank deposits.
- (j) The higher finance costs in 1H2023 were mainly due to increase in bank interest rates.

7. Taxation

	Group	
	1H2023	1H2022
	S\$'000	S\$'000
Current tax expense		
Current year	427	407
Over provision in respect of prior years	—	(5)
Tax expense	427	402

8. Dividend

No exempt (one-tier) final dividend in respect of the previous financial year were approved and paid by the Group and Company during the interim period:

	Group and Company	
	1H2023	1H2022
	S\$'000	S\$'000
Paid by the Company to owners of the Company		
Nil cents per qualifying ordinary share (2022: 0.125 cents)	—	567

9. Net asset value

	Group		Company	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	8.63	9.56	7.49	7.54

10. Intangible assets

Group	Computer software S\$'000	Goodwill S\$'000	Total S\$'000
At 31 December 2022			
Cost	2,642	11,853	14,495
Accumulated amortisation and impairment losses	(2,128)	(11,853)	(13,981)
Carrying amounts	514	—	514
Cost			
At 1 January 2023	2,642	11,853	14,495
Additions	20	—	20
Disposal	(1)	—	(1)
Translation differences	5	—	5
At 30 June 2023	2,666	11,853	14,519
Accumulated amortisation and impairment losses			
At 1 January 2023	2,128	11,853	13,981
Amortisation charge for the year	278	—	278
Disposal	(1)	—	(1)
Translation differences	4	—	4
At 30 June 2023	2,409	11,853	14,262
Carrying amounts			
At 30 June 2023	257	—	257

	Computer software S\$'000
Company	
At 31 December 2022	
Cost	1,372
Accumulated amortisation	(1,343)
Carrying amounts	<u>29</u>
Cost	
At 1 January 2023	1,372
Additions	–
At 30 June 2023	<u>1,372</u>
Accumulated amortisation	
At 1 January 2023	1,343
Amortisation charge for the year	21
At 30 June 2023	<u>1,364</u>
Carrying amounts	
At 30 June 2023	<u>8</u>

Impairment testing for cash generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to a CGU which is the acquired group of entities. The recoverable amounts of the CGU was based on the CGU's value in use which was determined by discounting the future cash flows to be generated from the continuing use of the CGU. The Group performed its annual impairment test in December. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

11. Plant and equipment

During the half year ended 30 June 2023, the Group acquired assets amounting to S\$149,000 (30 June 2022: S\$304,000) and disposed of assets amounting to S\$9,000 (30 June 2022: S\$5,000).

12. Loan and borrowings*

	As at 30/6/2023 S\$'000	As at 31/12/2022 S\$'000
Amount repayable in one year or less		
Bank loan – unsecured	<u>6,645</u>	<u>2,578</u>

Details of any collateral

Nil

*Group borrowings exclude the lease liabilities recognised following the adoption of SFRS(I) 16 Leases.

13. Share Capital

As at 30 June 2023, the share capital of the Company amounted to S\$21.987 million comprising 452,909,435 issued ordinary shares excluding treasury shares. (30 June 2022: 453,392,435 ordinary shares excluding treasury shares; 31 December 2022: 452,484,435 ordinary shares excluding treasury shares).

During the half year ended 30 June 2023, there was no issuance of new ordinary shares.

(i) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

As at 30 June 2023, the number of outstanding shares granted under the Company's RSP and PSP were 10,982,735 (30 June 2022: 11,171,700) and 5,043,750 (30 June 2022: 4,061,850) respectively.

(ii) Treasury Shares

During the half year ended 30 June 2023, a total of 614,000 ordinary shares were repurchased from the market at a total consideration of S\$55,241. During the half year ended 30 June 2023, a total of 1,039,000 (30 June 2022: 643,000) shares were transferred to the Directors in fulfillment of share awards granted under the RSP as part of the Directors' remuneration for the financial year ended 31 December 2021. As at 30 June 2023, there were 1,513,065 (30 June 2022: 1,030,065) treasury shares representing approximately 0.33% of the total issued share capital of the Company. Save as disclosed above, there was no sale, disposal, cancellation, or use of treasury shares in 1H2023.

(iii) Subsidiary Holdings

As at 30 June 2023, none of the Company's subsidiaries held any shares in the Company (30 June 2022: Nil).

14. Subsequent events

There are no known subsequent events which led to adjustments to this set of condensed interim financial statements.

F. Notes to the Condensed Interim Financial Statements

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed interim consolidated statements of financial position as at 30 June 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the half year ended 30 June 2023 and certain explanatory notes have not been audited or reviewed.

2. Review of Group performance

The Group registered revenue of S\$101.7 million in 1H2023, a 3% increase as compared to S\$99.1 million in 1H2022. The Group recorded a lower loss before tax of S\$3.8 million as compared to loss before tax of S\$4.0 million in 1H2022. The higher gross profit in 1H2023 due to higher revenue and higher gross profit margin, was partially offset by higher operating expenses. Operating expenses in 1H2023 were higher against 1H2022 mainly from the consolidation of RCPL which was acquired in June 2022 and professional and IT expenses incurred. Overall, the lower losses recorded in 1H2023 by the ICT and Engineering Divisions were partially offset by the losses incurred by the PCS Division.

PCS Division recorded a loss before tax of S\$0.45 million in 1H2023 as compared to a marginal profit of S\$16,000 in 1H2022. The Malaysian operations continued to be the main profit contributor and had recorded lower profit before tax due to higher operating expenses. The Singapore operations recorded higher losses in 1H2023 as compared to 1H2022 due to lower revenue recorded from its retail operations and lower incentives received from the manufacturers. This was partially mitigated by profits from sales of Honor phones since June 2023.

ICT Division recorded a lower loss before tax of S\$2.7 million in 1H2023 as compared to the same period last year of loss before tax of S\$3.1 million. Both the IT and Communication businesses had recorded higher revenue in 1H2023. The higher gross profit was partially offset by the higher staff costs in 1H2023 as RCPL was acquired in June 2023. The Division's loss was primarily due to additional costs incurred to complete certain projects, and expenses incurred to develop expertise in Hybrid Cloud Managed Services and Data Analytics.

Engineering Division recorded a lower loss before tax of S\$0.7 million in 1H2023 as compared to the same period last year of loss before tax of S\$0.9 million. Revenue in 1H2023 was slightly higher than 1H2022. The Division recorded higher gross profit and gross margins in 1H2023. The Indonesian operations continued to be the main profit contributor. The Division's losses were mainly attributed to losses incurred for the Singapore and Philippines operations. Overall, the improvement from the Indonesian operations was offset by the poorer performance in the Singapore operations.

The Group recorded a net cash inflow from its operating activities in 1H2023 due to positive changes in working capital. As at 30 June 2023, the Group's net cash position was S\$16.1 million.

3. Variance from prospect statement

No forecast was previously disclosed to the market.

4. Prospects

Singapore's economy showed a preliminary year-on-year growth of 0.7% in the second quarter and a quarter-on-quarter growth of 0.3%. However, GDP projections for FY2023 have been revised down to a range of 0.5% to 1.5%, compared to 3.6% in 2022¹. This revision is attributed to weakened global demand, coupled with the risk of a global recession. Similarly, Southeast Asian growth is also expected to slow, with GDP growth forecasts downgraded to 4.6% in 2023².

Considering these economic uncertainties, the group will continue to focus on cost containment and on revenue growth in FY2023 with the aim of gradually returning to profitability in the coming years. This will be executed through the implementation of a strategic roadmap aimed at streamlining our core businesses, with a renewed focus on business activities which will bring about sustainable growth. Additionally, we will continue to focus on cost containment measures and resource optimization efforts to ensure efficient operations across all entities. We will also continue to exercise prudence in managing our cash flow and balance sheet.

These collective efforts will position the Group to adapt to changing market dynamics, navigate economic challenges, and seize opportunities for business expansion with the aim of delivering sustainable shareholder returns.

¹ MTI press release, 11 August 2023, <https://www.mti.gov.sg/Newsroom/Press-Releases/2023/08/MTI-Narrows-Singapore-GDP-Growth-Forecast-for-2023-to-0.5-to-1.5-Per-Cent>.

² Asian Development Outlook (ADO) July 2023, <https://www.adb.org/outlook/editions/july-2023#:~:text=Developing%20Asia%20Outlook,-Given%20balancing%20developments&text=Southeast%20Asia's%20growth%20prospects%20are,global%20demand%20for%20manufactured%20exports>.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

5. Dividend

(a) Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

6. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

7. Interested Person Transactions - DISCLOSURE PURSUANT TO RULE 920(1)(a)(ii)

In S\$M	Nature of relationship	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	
		1H2023	1H2022
<u>Transactions for the sales of goods and services</u> Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	9.0	8.3
<u>Transactions for the purchases of goods and services</u> Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	5.8	6.0
Total Interested Person Transactions		14.8	14.3

There were no interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual).



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the SGX-ST Listing Manual. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that none of the personnel occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

10. Confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual

On behalf of the Board of Directors of the Company, I, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the half year ended 30 June 2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President and CEO

Date: 14 August 2023