

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

Condensed Interim Financial Statements
For the half year ended 30 June 2022

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TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for Period ended 30 June 2022

Consolidated Statement of Profit or Loss

In S\$'000	1H2022	1H2021	+/- %
Revenue (Note 1)	99,071	93,587	5.9%
Cost of sales (Note 1)	(91,536)	(86,733)	-5.5%
Gross profit (Note 2a)	7,535	6,854	9.9%
Gross margin % (Note 2b)	7.6%	7.3%	0.3 ppt
Other income (Note 3)	493	1,612	-69.4%
Selling and marketing expenses (Note 4)	(4,078)	(3,612)	-12.9%
Administrative expenses	(7,528)	(7,171)	-5.0%
Other expenses (Note 5)	(209)	(145)	-44.1%
Net finance costs (Note 6)	(177)	(348)	49.1%
Operating loss before share of loss of associate and income tax	(3,964)	(2,810)	-41.1%
Share of loss of associate (net of tax) (Note 7)	(43)	(115)	62.6%
Loss before income tax	(4,007)	(2,925)	-37.0%
% of revenue	-4.0%	-3.1%	-0.9 ppt
Income tax expense (Note 8)	(402)	(237)	-69.6%
Loss for the period	(4,409)	(3,162)	-39.4%
Attributable to:			
Equity holders of the Company	(4,409)	(3,162)	-39.4%
% of revenue	-4.5%	-3.4%	-1.1 ppt
Non-controlling interests	—	—	—
	(4,409)	(3,162)	-39.4%
Weighted average number of shares (in S\$'000)	453,543	454,371	
Earnings per share (in cents)			
Basic	(0.97)	(0.70)	
Diluted	(0.95)	(0.69)	

nm - not meaningful



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Consolidated Statement of Other Comprehensive Income

In S\$'000	1H2022	1H2021	+/- %
Loss for the period	(4,409)	(3,162)	-39.4%
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Translation differences relating to financial statements of foreign subsidiaries	(264)	(240)	-10.0%
Share of foreign currency translation differences of associate	—	1	nm
Exchange differences on monetary items forming part of net investment in a foreign operation (Note 9)	(164)	3	nm
Total comprehensive income for the period	(4,837)	(3,398)	-42.3%
Attributable to:			
Equity holders of the Company	(4,837)	(3,398)	-42.3%
Non-controlling interests	—	—	—
Total comprehensive income for the period	(4,837)	(3,398)	-42.3%

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

- (1) The increase in the Group revenue in 1H2022 was attributed to the PCS and Engineering divisions. Correspondingly, cost of sales was higher.
- (2a) The increase in the Group gross profit in 1H2022 was attributed to the PCS and Engineering divisions.
- (2b) The increase in the Group gross margin in 1H2022 was attributed to the PCS and Engineering divisions.
- (3) Other income was lower in 1H2022 due to lower government grants received in Singapore under the Job Support and Rental Support Scheme.
- (4) The increase in selling and marketing expenses in 1H2022 was mainly due to higher staff costs.
- (5) The increase in other expenses was mainly due to translation loss arising from the revaluation of the short term Singapore dollar loan to our subsidiary in the Philippines.
- (6) Lower finance costs in 1H2022 were due to lower Group bank borrowings as compared to 1H2021.
- (7) Share of loss of associate was from MVI Systems Limited. The lower share of loss in 1H2022 was mainly attributed to the better gross margins for projects completed during the period.
- (8) The increase in income tax expense in 1H2022 was due to the actual tax paid for prior periods being higher than the tax provision made.
- (9) The increase in exchange differences on investment in a foreign operation arose from revaluation of quasi equity Singapore dollar loan to our Philippines subsidiary.

B. Condensed Interim Statements of Financial Position
As at 30 June 2022

In S\$'000	Group		Company	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
<u>Non-current assets</u>				
Subsidiaries	–	–	24,439	24,374
Associate	1,776	1,818	–	–
Plant and equipment	1,273	1,208	52	51
Right-of-use assets	5,946	6,930	2,414	3,064
Intangible assets	7,134	6,938	55	80
Deferred tax assets	730	738	28	28
Trade and other receivables	1,127	813	–	–
	17,986	18,445	26,988	27,597
<u>Current assets</u>				
Inventories	19,095	10,571	12,962	6,778
Contract assets	23,890	21,999	–	–
Trade and other receivables	31,195	30,641	7,086	8,595
Cash and cash equivalents	21,429	34,811	3,517	10,030
	95,609	98,022	23,565	25,403
Total assets (Note (i))	113,595	116,467	50,553	53,000
<u>Equity</u>				
Share capital	21,987	21,987	21,987	21,987
Other reserves	7,442	7,637	14,317	14,084
Accumulated profits	22,709	27,685	(397)	773
Equity attributable to equity holders of the Company	52,138	57,309	35,907	36,844
Non-controlling interests	–	–	–	–
Total equity (Note (ii))	52,138	57,309	35,907	36,844
<u>Non-current liabilities</u>				
Lease liabilities	2,223	3,422	1,132	1,770
Provisions	432	412	294	294
Contract liabilities	75	123	–	–
	2,730	3,957	1,426	2,064
<u>Current liabilities</u>				
Trade and other payables	41,865	45,429	11,943	12,822
Contract liabilities	7,086	3,836	–	–
Provision	69	117	–	–
Current tax payable	226	17	–	–
Loans and borrowings	5,880	2,502	–	–
Lease liabilities	3,601	3,300	1,277	1,270
	58,727	55,201	13,220	14,092
Total liabilities (Note (iii))	61,457	59,158	14,646	16,156
Total equity and liabilities	113,595	116,467	50,553	53,000

(i) Although inventories balances were higher, the decrease in total assets as at 30 June 2022 was mainly attributed to lower cash balances due to negative changes in working capital.

(ii) The lower total equity as at 30 June 2022 was due to losses recorded for 1H2022 and a dividend payment in May 2022.

(iii) The higher total liabilities as at 30 June 2022 were mainly due to additional loans.



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C. Condensed Interim Consolidated Statement of Cash Flows

Period ended 30 June 2022

In S\$'000	1H2022	1H2021
Operating Activities		
Loss before income tax	(4,007)	(2,925)
Adjustments for:		
Amortisation of intangible assets	173	122
Depreciation of plant and equipment	394	310
Depreciation of right-of-use assets	1,974	2,258
Finance costs	229	385
Finance income	(52)	(38)
Gain on disposal of plant and equipment and intangible assets	(52)	(1)
Bad debts written off	1	1
Provision for warranties	—	8
Share-based payments expenses	233	242
Share of loss of an associate	43	115
Cash (used in)/from operating profit before working capital changes	(1,064)	477
Changes in working capital	(11,207)	11,926
Cash (used in)/generated from operations	(12,271)	12,403
Income tax paid	(173)	(203)
Net cash (outflow)/inflow from operating activities	(12,444)	12,200
Investing Activities		
Acquisition of subsidiaries, net of cash acquired	(171)	—
Purchase of intangible assets	(205)	(96)
Purchase of plant and equipment	(304)	(706)
Proceeds from disposal of plant and equipment	57	7
Interest received	34	5
Net cash outflow from investing activities	(589)	(790)
Financing Activities		
Dividend paid	(567)	(2,272)
Interest paid	(213)	(364)
Purchase of treasury shares	(67)	(139)
Proceeds from bank loans	6,138	20,846
Repayment of short term bank loans	(3,611)	(25,312)
Payment of lease liabilities	(1,852)	(2,202)
Net cash outflow from financing activities	(172)	(9,443)
Net (decrease)/increase in cash and cash equivalents	(13,205)	1,967
Cash and cash equivalents at beginning of period	34,811	27,311
Effect of exchange rate changes on balances held in foreign currencies	(177)	(38)
Cash and cash equivalents at end of period	21,429	29,240



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Cash flows from operating activities

Net cash outflow in 1H2022 was mainly due to the negative changes in working capital attributable to higher inventories and lower payables balances. Net cash inflow in 1H2021 was mainly due to the positive changes in working capital attributable to lower trade and other receivables and higher payables balances.

Cash flows from investing activities

Net cash outflow in 1H2022 was mainly in capital expenditure. In addition, 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 lower net cash outflow in 1H2022 was mainly due to net proceeds from bank loan in 1H2022 whereas there was a net repayment of bank loans in 1H2021. In addition, the dividend payment in 1H2022 was lower as compared to 1H2021.

D. Condensed Interim Statements of Changes in Equity
Period ended 30 June 2022

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 2021	21,987	32,574	7,228	61,789	11	61,800
Total comprehensive income for the period	—	(3,162)	(236)	(3,398)	—	(3,398)
Purchase of treasury shares	—	—	(139)	(139)	—	(139)
Share-based payments expenses	—	—	242	242	—	242
FY2020 final dividend of 0.5 cents per share (one-tier tax exempt)	—	(2,272)	—	(2,272)	—	(2,272)
At 30 June 2021	21,987	27,140	7,095	56,222	11	56,233
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

D. Condensed Interim Statements of Changes in Equity
Period ended 30 June 2022

In S\$'000	Share capital	Accumulated profits	Other reserves	Total equity
<u>COMPANY</u>				
At 1 January 2021	21,987	2,881	13,797	38,665
Total comprehensive income for the period	—	(490)	-	(490)
Purchase of treasury shares	—	—	(139)	(139)
Share-based payments to employees of Company's subsidiaries	—	—	89	89
Share-based payments expenses	—	—	153	153
FY2020 final dividend of 0.5 cents per share (one-tier tax exempt)	—	(2,272)	-	(2,272)
At 30 June 2021	21,987	119	13,900	36,006
At 1 January 2022	21,987	773	14,084	36,844
Total comprehensive income for the year	—	(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

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 2022 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 2022 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 2021.

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 2021.

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 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.

Revenue	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and cards sales	47,424	37,104	6,805	9,847	3,152	2,105	57,381	49,056
Voice services, mobile data and location tracking services	—	—	1,015	1,179	—	—	1,015	1,179
Logistic and consultancy services	3,879	4,916	—	—	—	—	3,879	4,916
Maintenance support services	—	—	9,094	9,947	30	30	9,124	9,977
Network engineering projects	—	—	—	—	21,806	22,831	21,806	22,831
Info-communication technology projects	—	—	5,866	5,628	—	—	5,866	5,628
Total revenue from external customers	51,303	42,020	22,780	26,601	24,988	24,966	99,071	93,587
Inter-segment revenue	—	17	75	45	—	—	75	62
	51,303	42,037	22,855	26,646	24,988	24,966	99,146	93,649

Timing of revenue recognition

Products transferred at a point in time	51,303	42,020	13,800	18,323	4,873	5,370	69,974	65,713
Products and services transferred over time	—	—	8,980	8,278	20,116	19,596	29,097	27,874
	51,303	42,020	22,780	26,601	24,990	24,966	99,071	93,587

	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000
Interest income	19	13	22	38	34	1	75	52
Interest expenses	135	131	19	25	98	243	252	399
Amortisation of intangible assets	26	24	147	96	–	3	173	123
Depreciation of plant and equipment	102	71	137	56	155	183	394	310
Depreciation of right-of-use assets	1,862	2,101	7	8	105	149	1,974	2,258
Reportable segment loss before government grants and income tax	(106)	(780)	(3,171)	(2,490)	(956)	(1,040)	(4,233)	(4,318)
Government grants	122	512	97	636	50	360	269	1,508
Reportable segment profit/(loss) before income tax	16	(276)	(3,074)	(1,854)	(906)	(680)	(3,964)	(2,810)
Share of loss of associate (net of tax)	–	–	(43)	(115)	–	–	(43)	(115)
Reportable segment assets	36,280	32,393	39,419	37,166	36,120	37,888	111,819	107,447
Investment in associate	–	–	1,776	1,835	–	–	1,776	1,835
Capital expenditure								
- Plant and equipment	176	27	65	484	63	195	304	706
- Intangible assets	9	7	196	89	–	–	205	96
Reportable segment liabilities	20,092	17,453	26,827	18,890	14,538	16,706	61,457	53,049



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

Group	1H2022	1H2021
	S\$'000	S\$'000
Revenue		
Total revenue for reportable segments	99,146	93,649
Elimination of inter-segment revenue	(75)	(62)
Consolidated revenue	99,071	93,587
Profit or loss		
Total profit or loss for reportable segments	(3,964)	(2,810)
Share of loss of associate	(43)	(115)
Consolidated loss before income tax	(4,007)	(2,925)
Assets		
Total assets for reportable segments	111,819	107,447
Investment in associate	1,776	1,835
Consolidated total assets	113,595	109,282
Liabilities		
Total liabilities for reportable segments	61,457	53,049

	Reportable segment totals	Adjustments	Consolidated totals
	S\$'000	S\$'000	S\$'000
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
Other material items 1H2021			
Interest income	(52)	14	(38)
Interest expenses	399	(14)	385
Capital expenditure			
- plant and equipment	706	—	706
- intangible assets	96	—	96



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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 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
30 June 2021	Revenue S\$'000	Non-current assets* S\$'000
Revenue		
Singapore	72,459	12,909
Indonesia	15,670	573
Malaysia	3,254	29
Philippines	1,992	133
Hong Kong	2	1,835
Other countries	210	66
	93,587	15,545

* 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 2022			
<i>Financial assets not measured at fair value</i>			
Trade and other receivables*	29,430	—	29,430
Cash and cash equivalents	21,429	—	21,429
	<u>50,859</u>	<u>—</u>	<u>50,859</u>
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables#	—	41,666	41,666
Loans and borrowings	—	5,880	5,880
	<u>—</u>	<u>47,546</u>	<u>47,546</u>
Company			
30 June 2022			
<i>Financial assets not measured at fair value</i>			
Trade and other receivables*	6,909	—	6,909
Cash and cash equivalents	3,517	—	3,517
	<u>10,426</u>	<u>—</u>	<u>10,426</u>
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables#	—	11,938	11,938
Group			
31 December 2021			
<i>Financial assets not measured at fair value</i>			
Trade and other receivables*	29,481	—	29,481
Cash and cash equivalents	34,811	—	34,811
	<u>64,292</u>	<u>—</u>	<u>64,292</u>
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables#	—	45,129	45,129
Loans and borrowings	—	2,502	2,502
	<u>—</u>	<u>47,631</u>	<u>47,631</u>
Company			
31 December 2021			
<i>Financial assets not measured at fair value</i>			
Trade and other receivables*	8,513	—	8,513
Cash and cash equivalents	10,030	—	10,030
	<u>18,543</u>	<u>—</u>	<u>18,543</u>
<i>Financial liabilities not measured at fair value</i>			
Trade and other payables#	—	12,807	12,807

* 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	1H2022 S\$'000	1H2021 S\$'000
Amortisation of intangible assets	(a)	173	122
Depreciation of plant and equipment	(a)	394	310
Depreciation of right-of-use assets	(b)	1,974	2,258
Audit fees paid to:			
- auditors of the Company		113	108
- other auditors	(c)	66	106
Cost of inventories recognised as an expense in income statement	(d)	52,207	43,009
Directors' remuneration		238	246
Grant income from Job Support Scheme	(e)	(20)	(1,341)
Other government grants	(e)	(249)	(167)
Net exchange loss	(f)	63	1
Impairment loss on trade receivables	(g)	—	1
Gain on disposal of plant and equipment and intangible assets	(h)	(52)	(1)
Write (back)/down of inventories to net realisable value	(i)	(72)	144
Employee benefits expense			
Staff costs		21,058	21,586
Contributions to defined contribution plans, included in staff costs	(j)	1,402	1,561
Share-based payments expenses, included in staff costs		233	242
Finance income			
Interest income			
- banks and financial institutions		(34)	(5)
- interest accretion		(18)	(33)
	(k)	(52)	(38)
Finance costs			
Interest expense			
- banks and financial institutions		131	287
- leases liabilities		82	77
- interest accretion		16	21
	(l)	229	385

- (a) Amortisation of intangible assets and depreciation of plant and equipment were higher in 1H2022 as there were additions during the period.
- (b) Lower depreciation of right-of-use assets in 1H2022 was due to closure of several retail outlets in 2H2021.
- (c) Lower audit fees paid to other auditors was due to lower internal audit fee incurred in 1H2022.
- (d) The increase in cost of inventories in 1H2022 was in line with the increase in equipment revenue.
- (e) Government grants received in Singapore in 1H2022 under the Job Support and Rental Support Scheme were lower than in 1H2021.
- (f) Net exchange loss in 1H2022 arose mainly from the revaluation of the short term Singapore dollar loan to our subsidiary in the Philippines.
- (g) There was no provision for bad debts in 1H2022.
- (h) Gain on disposal of plant and equipment was attributable to the Engineering division.
- (i) The write back of inventories to net realisable value in 1H2022 was attributable to sale of slow moving inventories which were written down in 1H2021.

- (j) Contribution to defined contribution plans were lower in 1H2022 due to adjustment for over-provision of employee benefits contribution required under Indonesia's Omnibus law for its contract employees in Indonesia.
- (k) Higher finance income in 1H2022 was mainly attributed to the interest income earned from bank deposits. This was partially reduced by lower interest accretion recognised for the period.
- (l) The lower finance costs in 1H2022 were mainly due to lower bank loans as at 30 June 2022 as compared to 30 June 2021.

7. Taxation

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
Current tax expense		
Current year	407	300
Over provision in respect of prior years	(5)	(63)
Tax expense	402	237

8. Dividend

The following 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	
	1H2022	1H2021
	S\$'000	S\$'000
Paid by the Company to owners of the Company		
0.125 cents per qualifying ordinary share (2021: 0.5 cents)	567	2,272

9. Net asset value

	Group		Company	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	11.50	12.64	7.92	8.13

10. Intangible assets

Group	Computer software S\$'000	Retail business infrastructure S\$'000	Customer relationships S\$'000	Order backlogs S\$'000	Goodwill S\$'000	Total S\$'000
At 31 December 2021						
Cost	3,445	1,304	6,688	727	11,853	24,017
Accumulated amortisation and impairment losses	(2,914)	(1,304)	(6,688)	(727)	(5,446)	(17,079)
Carrying amounts	531	—	—	—	6,407	6,938
Cost						
At 1 January 2022	3,445	1,304	6,688	727	11,853	24,017
Additions	205	—	—	—	—	205
Acquisition through business combination	1,443	—	—	—	10	1,453
At 30 June 2022	5,093	1,304	6,688	727	11,863	25,675
Accumulated amortisation and impairment losses						
At 1 January 2022	2,914	1,304	6,688	727	5,446	17,079
Amortisation charge for the year	173	—	—	—	—	173
Acquisition through business combination	1,289	—	—	—	—	1,289
At 30 June 2022	4,376	1,304	6,688	727	5,446	18,541
Carrying amounts						
At 30 June 2022	717	—	—	—	6,417	7,134

	Computer software S\$'000
Company	
At 31 December 2021	
Cost	1,372
Accumulated amortisation and impairment losses	(1,292)
Carrying amounts	<u>80</u>
Cost	
At 1 January 2022	1,372
Additions	—
At 30 June 2022	<u>1,372</u>
Accumulated amortisation	
At 1 January 2022	1,292
Amortisation charge for the year	25
At 30 June 2022	<u>1,317</u>
Carrying amounts	
At 30 June 2022	<u>55</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 2021.

11. Plant and equipment

During the half year ended 30 June 2022, the Group acquired assets amounting to S\$304,000 (30 June 2021: S\$706,000) and disposed of assets amounting to S\$5,000 (30 June 2021: S\$6,000).

12. Loan and borrowings*

	As at 30/6/2022 S\$'000	As at 31/12/2021 S\$'000
Amount repayable in one year or less		
Bank loan – unsecured	5,880	2,502
Amount repayable after one year		
Bank loan – unsecured	—	—
Total	<u>5,880</u>	<u>2,502</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 2022, the share capital of the Company amounted to S\$21.987 million comprising 453,392,435 issued ordinary shares excluding treasury shares. (30 June 2021: 453,649,335 ordinary shares excluding treasury shares; 31 December 2021: 454,319,335 ordinary shares excluding treasury shares).

During the half year ended 30 June 2022, there was no issuance of new ordinary shares.

(i) Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”)

As at 30 June 2022, the number of outstanding shares granted under the Company’s RSP and PSP were 11,171,700 (30 June 2021: 5,361,036) and 4,061,850 (30 June 2021: 3,700,500) respectively.

(ii) Treasury Shares

During the half year ended 30 June 2022, a total of 569,900 ordinary shares were repurchased from the market at a total consideration of S\$66,872. During the half year ended 30 June 2022, a total of 643,000 (30 June 2021: nil) shares were transferred to the Directors in fulfillment of share awards granted under the TeleChoice Restricted Share Plan (as amended) as part of the Directors’ remuneration for the financial year ended 31 December 2020. As at 30 June 2022, there were 1,030,065 (30 June 2021: 773,165) treasury shares representing approximately 0.23% 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 1H2022.

(iii) Subsidiary Holdings

As at 30 June 2022, none of the Company’s subsidiaries held any shares in the Company (30 June 2021: 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 2022 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 2022 and certain explanatory notes have not been audited or reviewed.

2. Review of Group performance

The Group registered revenue of S\$99.1 million in 1H2022, a 6% increase as compared to S\$93.6 million in 1H2021. Although the Group recorded higher gross profit and higher gross margin in 1H2022, a higher loss before tax of S\$4.0 million was recorded in 1H2022 as compared to a loss before tax of S\$2.9 million in 1H2021. This was mainly attributed to the lower government grants from Job Support Scheme received in 1H2022 and higher expenses. In addition, losses from the newly acquired RCPL group were also consolidated. Overall, the profit improvement from the PCS division was offset by the higher losses incurred by the ICT and Engineering divisions.

PCS Division recorded a marginal profit in 1H2022 despite the lower grants being received. Both the Singapore and Malaysian operations recorded an increase in revenue in 1H2022. Gross margin improved as compared to the equivalent period a year ago when the Singapore retail business was significantly impacted by the COVID-19 situation. The Malaysia operation continues to be the main profit contributor. The various Smart and Green products and services introduced in 2H2021 had also helped to expand its product portfolio and generated profit for the Group in 1H2022.

ICT Division recorded a lower revenue in 1H2022 mainly due to lower equipment sales as compared to 1H2021. The Division's loss was primarily due to lower revenue recognition. Customers remained prudent in capex spending with resultant delay in project tendering and awards. There was also delay in project completion and lower voice usage. The Division is continuing to enhance the platform features for its new Internet of Things ("IoT") and Cloud initiatives. However, adoption and sales conversion had been slow resulting in delay in revenue recognition.

Engineering Division had maintained the same revenue level as last year. The Division recorded higher gross profit and gross margins in 1H2022. The Indonesian operation continues to be the main profit contributor. The Division's losses were mainly attributed to losses incurred for the Singapore operations. The higher losses from the Singapore operations were due to lower revenue recognition from CAS projects and transmission equipment sales but was partially mitigated by the new sales of Nexans structured cables. These losses were partially mitigated by profit contribution from its Malaysian operation and lower losses recorded from the Philippines operations.

The Group recorded a net cash outflow from its operating activities in 1H2022 due to negative changes in working capital arising from the increase in business activities. As at 30 June 2022, the Group's net cash position was S\$15.5 million.

3. Variance from prospect statement

No forecast was previously disclosed to the market.

4. Prospects

The Group continues to adopt a cautious outlook in FY2022, taking into account Singapore's and the region's growth prospects.

While Singapore and the regional economy continued its recovery traction on the back of faster-than-expected lifting of COVID-19 restrictions and resumption of global travel, the positive outlook is, however, tempered by significant risk and uncertainty because of geopolitical challenges, higher interest and inflation, as well as disruption of the global supply chain.

In spite of the uncertainties and challenging outlook, based on TeleChoice's current operating activities, the Group is targeting for revenue increase although profit improvement in aggregate for FY2022 will be challenging.

The Group remains committed to achieving sustainable growth and returns, and will continue to improve its capabilities, expand its services and seek opportunities in synergistic businesses and new markets. The Group will also continue to exercise financial discipline through cost containment, productivity enhancements and the prudent and effective use of capex so as to maintain its strong balance sheet and healthy cash position. In addition, with adequate banking facilities, the Group is confident of managing its liquidity in meeting any short-term funding for working capital requirements.



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

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	
		1H2022	1H2021
<u>Transactions for the sales of goods and services</u> Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	8.3	12.6
<u>Transactions for the purchases of goods and services</u> Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	6.0	6.9
Total Interested Person Transactions		14.3	19.5

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
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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 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President and CEO

Date: 12 August 2022