



**TELECHOICE INTERNATIONAL LIMITED**  
(REG. NO. 199802072R)

**PART I - UNAUDITED RESULTS FOR THE 2<sup>ND</sup> QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

**1(a)(i) INCOME STATEMENT FOR THE 2<sup>ND</sup> QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

<b>In S\$'000</b>	<b>2Q2016</b>	<b>2Q2015</b>	<b>+/- %</b>	<b>1H2016</b>	<b>1H2015</b>	<b>+/- %</b>
Revenue	124,577	146,913	-15.2%	258,513	273,208	-5.4%
Cost of sales	(116,254)	(136,635)	-14.9%	(241,165)	(253,779)	-5.0%
<b>Gross profit</b> (Note 1a)	<b>8,323</b>	<b>10,278</b>	-19.0%	<b>17,348</b>	<b>19,429</b>	-10.7%
Gross margin % (Note 1b)	6.7%	7.0%	-0.3 ppt	6.7%	7.1%	-0.4 ppt
Other income (Note 2)	88	57	54.4%	507	352	44.0%
Selling and marketing expenses	(2,894)	(2,722)	6.3%	(5,741)	(5,601)	2.5%
Administrative expenses	(4,170)	(4,449)	-6.3%	(8,468)	(8,913)	-5.0%
Other expenses (Note 3)	(128)	(495)	-74.1%	(393)	(771)	-49.0%
Net finance costs (Note 4)	(210)	(31)	577.4%	(389)	(187)	108.0%
<b>Operating profit before income tax</b>	<b>1,009</b>	<b>2,638</b>	-61.8%	<b>2,864</b>	<b>4,309</b>	-33.5%
<i>% of revenue</i>	<i>0.8%</i>	<i>1.8%</i>	<i>-1.0 ppt</i>	<i>1.1%</i>	<i>1.6%</i>	<i>-0.5 ppt</i>
Share of profit of associate (net of tax) (Note 5)	70	-	nm	70	-	nm
Loss on disposal of a joint venture (Note 6)	-	-	-	-	(409)	nm
<b>Profit before income tax</b>	<b>1,079</b>	<b>2,638</b>	-59.1%	<b>2,934</b>	<b>3,900</b>	-24.8%
<i>% of revenue</i>	<i>0.9%</i>	<i>1.8%</i>	<i>-0.9 ppt</i>	<i>1.1%</i>	<i>1.4%</i>	<i>-0.3 ppt</i>
Income tax expense	(574)	(572)	0.3%	(1,235)	(1,128)	9.5%
<b>Profit for the period</b>	<b>505</b>	<b>2,066</b>	-75.6%	<b>1,699</b>	<b>2,772</b>	-38.7%
Attributable to:						
<b>Equity holders of the Company</b>	<b>508</b>	<b>2,136</b>	-76.2%	<b>1,703</b>	<b>2,905</b>	-41.4%
<i>% of revenue</i>	<i>0.4%</i>	<i>1.5%</i>	<i>-1.1 ppt</i>	<i>0.7%</i>	<i>1.1%</i>	<i>-0.4 ppt</i>
Non-controlling interests	(3)	(70)	-95.7%	(4)	(133)	-97.0%
	505	2,066	-75.6%	1,699	2,772	-38.7%
Weighted average number of shares (in '000)	454,296	453,934		454,359	454,176	
<b>Earnings per share (in cents)</b>						
Basic	0.11	0.47		0.37	0.64	
Diluted	0.11	0.47		0.37	0.64	

nm - not meaningful

**STATEMENT OF COMPREHENSIVE INCOME FOR THE 2<sup>ND</sup> QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

In S\$'000	2Q2016	2Q2015	+/- %	1H2016	1H2015	+/- %
<b>Profit for the period</b>	505	2,066	-75.6%	1,699	2,772	-38.7%
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Translation differences relating to financial statements of foreign subsidiaries	(306)	(826)	-63.0%	(21)	(995)	-96.4%
Share of foreign currency translation differences of associate	(8)	-	nm	(8)	-	nm
Foreign currency translation differences on disposal of foreign joint venture reclassified to profit or loss	-	-	nm	-	409	nm
Exchange differences on monetary items forming part of net investment in a foreign operations	(91)	(301)	-69.8%	(169)	(182)	-15.4%
<b>Total comprehensive income for the period</b>	100	939	-89.4%	1,501	2,004	-25.1%
Attributable to:						
Equity holders of the Company	103	997	-89.7%	1,505	2,156	-30.2%
Non-controlling interests	(3)	(58)	-94.8%	(4)	(152)	-97.4%
<b>Total comprehensive income for the period</b>	100	939	-89.4%	1,501	2,004	-25.1%

**1(a)(ii) PROFIT BEFORE TAXATION HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING):**

In S\$'000	2Q2016	2Q2015	+/- %	1H2016	1H2015	+/- %
Staff costs	12,044	11,292	6.7%	23,580	22,390	5.3%
Provision of directors' remuneration, included in staff costs (Note 7)	130	114	14.0%	260	228	14.0%
Depreciation of property, plant and equipment (Note 8)	529	362	46.1%	1,051	732	43.6%
Amortisation of intangible assets (Note 9)	141	378	-62.7%	290	763	-62.0%
Provision for bad debts and bad debts written off (Note 10)	21	7	200.0%	31	16	93.8%
Exchange (gain)/loss (Note 11)	(46)	93	nm	147	65	126.2%
Write down of inventories to net realisable value (Note 12)	(7)	4	nm	(394)	324	nm
Adjustments for (over)/under provision of tax in respect of prior years (Note 13)	(7)	-	nm	21	(5)	nm

nm - not meaningful



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Notes:

- (1a) In 2Q2016, ICT and Engineering divisions reported lower gross profit against 2Q2015. In 1H2016, all business divisions reported lower gross profit against 1H2015.
- (1b) In 2Q2016, Engineering division reported lower gross margins against 2Q2015. In 1H2016, the lower gross margin was attributed to ICT and Engineering divisions.
- (2) Higher other income in 2Q2016 and 1H2016 were from government grants for the wage credit and temporary employment credit scheme.
- (3) Lower other expenses in 2Q2016 and 1H2016 were due to the intangible assets of S & I Systems Pte Ltd (“**S&I**”) having been fully amortised in 2015. In 2Q2016, there was also foreign exchange gain.
- (4) Higher net finance costs in 2Q2016 and 1H2016 were mainly due to higher bank borrowings and higher interest rate.
- (5) The Company’s wholly-owned subsidiary, NxGen Communications Pte Ltd (“**NxGen**”), had on 16 May 2016 acquired an approximate 25.19% stake in MVI Systems Limited (“**MVI**”). MVI became an associate of NxGen with effect from 16 May 2016.
- (6) Loss on disposal of a joint venture in 1H2015 was related to the disposal of a foreign joint venture. The loss arose from reclassification of exchange reserve to income statement.
- (7) Adjustment to directors’ remuneration was due to a revision in line with benchmarking against comparable companies.
- (8) Higher depreciation of property, plant and equipment in 2Q2016 and 1H2016 were mainly due to new capital expenditure incurred on testing equipment in 4Q2015 and motor vehicles in 1H2016 for projects in Indonesia.
- (9) Lower amortisation in 2Q2016 and 1H2016 were mainly due to the intangible assets of S&I having been fully amortised in 2015.
- (10) Higher provision for bad debts in 2Q2016 and 1H2016 were attributed to ICT customers.
- (11) Net exchange gain in 2Q2016 arose mainly from USD payables due to weakening of USD against SGD. Net exchange loss in 1H2016 arose mainly from USD receivables and bank balances due to the weakening of USD against SGD. Net exchange loss in 2Q2015 and 1H2015 arose mainly from MYR bank balances due to the weakening of MYR against SGD.
- (12) Reversal of inventories provision in 2Q2016 and 1H2016 were due to mobile phones which have been sold.
- (13) Adjustments for the (over)/under provision of tax in 2Q2016 and 1H2016 were due to the differences in final tax assessment and tax estimates made in prior year.



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**1(b)(i) STATEMENT OF FINANCIAL POSITION AS AT**

In S\$'000	Group		Company	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
<b><u>Non-current assets</u></b>				
Subsidiaries	-	-	37,609	37,559
Associate	2,120	-	-	-
Property, plant and equipment	3,837	3,703	528	661
Intangible assets	12,777	12,964	176	168
Deferred tax assets	1,020	1,022	-	-
Trade and other receivables	5,536	6,669	-	-
	<b>25,290</b>	<b>24,358</b>	<b>38,313</b>	<b>38,388</b>
<b><u>Current assets</u></b> (Note 1)				
Inventories	35,014	25,221	31,788	20,983
Work-in-progress	22,760	26,109	-	-
Trade and other receivables	78,624	73,599	40,614	24,923
Cash and cash equivalents	28,183	44,584	6,684	14,371
	<b>164,581</b>	<b>169,513</b>	<b>79,086</b>	<b>60,277</b>
<b>Total assets</b>	<b>189,871</b>	<b>193,871</b>	<b>117,399</b>	<b>98,665</b>
<b><u>Equity</u></b>				
Share capital	21,987	21,987	21,987	21,987
Other reserves	8,113	8,368	13,336	13,393
Accumulated profits	38,231	43,799	11,132	15,319
<b>Equity attributable to equity holders of the Company</b>	<b>68,331</b>	<b>74,154</b>	<b>46,455</b>	<b>50,699</b>
Non-controlling interests	7	11	-	-
<b>Total equity</b>	<b>68,338</b>	<b>74,165</b>	<b>46,455</b>	<b>50,699</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	165	187	41	41
Loans and borrowings	4,989	4,987	4,989	4,987
Trade and other payables	4,510	4,912	-	-
	<b>9,664</b>	<b>10,086</b>	<b>5,030</b>	<b>5,028</b>
<b><u>Current liabilities</u></b> (Note 2)				
Trade and other payables	85,861	89,299	56,524	37,738
Excess of progress billings over work-in-progress	51	62	-	-
Provision for warranties	214	209	3	3
Current tax payable	1,236	849	387	197
Loans and borrowings	21,157	14,473	9,000	5,000
Deferred revenue	3,350	4,728	-	-
	<b>111,869</b>	<b>109,620</b>	<b>65,914</b>	<b>42,938</b>
<b>Total liabilities</b>	<b>121,533</b>	<b>119,706</b>	<b>70,944</b>	<b>47,966</b>
<b>Total equity and liabilities</b>	<b>189,871</b>	<b>193,871</b>	<b>117,399</b>	<b>98,665</b>

Notes:

- (1) Group current assets were lower by \$4.9M mainly due to lower cash and cash equivalents. There were however higher inventories purchased for forecasted mobile phones sales for 3Q2016 and higher trade receivables due from related corporations.
- (2) Group current liabilities were higher by \$2.2M mainly due to new bank loans obtained to finance working capital requirements. This was offset by lower trade and other payables.



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**1(b)(ii) GROUP BORROWING**

**In S\$'000**

	<b>As at 30/06/2016</b>	<b>As at 31/12/2015</b>
<b>Amount repayable in one year or less</b>		
Bank loan – unsecured	21,157	14,473
<b>Amount repayable after one year</b>		
Bank loan – unsecured	4,989	4,987
<b>Total</b>	<b>26,146</b>	<b>19,460</b>

**Details of any collateral**

Nil



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**1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 2<sup>ND</sup> QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

In S\$'000	2Q2016	2Q2015	1H2016	1H2015
<b>Operating Activities</b>				
Profit before income tax	1,079	2,638	2,934	3,900
Adjustments for:				
Amortisation of intangible assets	141	378	290	763
Depreciation of property, plant and equipment	529	362	1,051	732
Finance costs	330	246	615	500
Finance income	(120)	(215)	(226)	(313)
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(2)	1	(3)	-
Loss on disposal of a joint venture	-	-	-	409
Provision for warranties	1	9	6	12
Share-based payments expenses	93	120	199	207
Share of profit of associate	(70)	-	(70)	-
Cash from operating profit before working capital changes	1,981	3,539	4,796	6,210
Changes in working capital	522	4,582	(15,702)	1,383
Cash generated from operations	2,503	8,121	(10,906)	7,593
Income tax paid	(574)	(729)	(861)	(811)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,929</b>	<b>7,392</b>	<b>(11,767)</b>	<b>6,782</b>
<b>Investing Activities</b>				
Acquisition of an associate	(2,058)	-	(2,058)	-
Purchase of intangible assets	(51)	(50)	(103)	(61)
Purchase of property, plant and equipment	(238)	(366)	(1,196)	(500)
Proceeds from disposal of property, plant and equipment	4	-	19	3
Interest received	10	51	21	80
<b>Net cash outflow from investing activities</b>	<b>(2,333)</b>	<b>(365)</b>	<b>(3,317)</b>	<b>(478)</b>
<b>Financing Activities</b>				
Dividend paid	(7,271)	(7,271)	(7,271)	(7,271)
Interest paid	(257)	(193)	(475)	(415)
Purchase of treasury shares	(256)	(538)	(256)	(538)
Proceeds from bank loans	2,632	6,379	11,186	9,848
Repayment of short term bank loans	(1,900)	(10,306)	(4,500)	(11,543)
<b>Net cash outflow from financing activities</b>	<b>(7,052)</b>	<b>(11,929)</b>	<b>(1,316)</b>	<b>(9,919)</b>
Net decrease in cash and cash equivalents	(7,456)	(4,902)	(16,400)	(3,615)
Cash and cash equivalents at beginning of period	35,668	39,285	44,584	37,986
Effect of exchange rate changes on balances held in foreign currency	(29)	(363)	(1)	(351)
<b>Cash and cash equivalents at end of period</b>	<b>28,183</b>	<b>34,020</b>	<b>28,183</b>	<b>34,020</b>

Cash flows from operating activities

Lower net cash inflow in 2Q2016 was mainly due to lower operating profits and lower positive changes in working capital. The net cash outflow in 1H2016 was due to lower operating profits and negative change in working capital. The negative change in working capital was from higher inventories, higher trade receivables from related corporations and lower trade payables.

Cash flows from investing activities

Higher net cash outflow in 2Q2016 and 1H2016 were mainly due to acquisition of MVI, an associate of NxGen. In 1H2016, higher capital expenditure was incurred for motor vehicles for projects in Indonesia.

Cash flow from financing activities

Lower net cash outflow in 2Q2016 and 1H2016 were mainly due to higher net proceeds from bank borrowings to finance working capital requirements.

**1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 2<sup>ND</sup> QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

In S\$'000	Share capital	Accumulated profits	Other reserves	Total attributable to equity holders of the Company	Non controlling interests	Total equity
<b>GROUP</b>						
<b>At 1 April 2015</b>	<b>21,987</b>	<b>41,544</b>	<b>9,823</b>	<b>73,354</b>	<b>75</b>	<b>73,429</b>
Total comprehensive income for the period	-	2,136	(1,139)	997	(58)	939
Purchase of treasury shares	-	-	(538)	(538)	-	(538)
Share-based payments expenses	-	-	120	120	-	120
FY2014 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)	-	(7,271)
<b>At 30 June 2015</b>	<b>21,987</b>	<b>36,409</b>	<b>8,266</b>	<b>66,662</b>	<b>17</b>	<b>66,679</b>
<b>At 1 April 2016</b>						
<b>At 1 April 2016</b>	<b>21,987</b>	<b>44,994</b>	<b>8,681</b>	<b>75,662</b>	<b>10</b>	<b>75,672</b>
Total comprehensive income for the period	-	508	(405)	103	(3)	100
Purchase of treasury shares	-	-	(256)	(256)	-	(256)
Share-based payments expenses	-	-	93	93	-	93
FY2015 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)	-	(7,271)
<b>At 30 June 2016</b>	<b>21,987</b>	<b>38,231</b>	<b>8,113</b>	<b>68,331</b>	<b>7</b>	<b>68,338</b>
<b>At 1 January 2015</b>						
<b>At 1 January 2015</b>	<b>21,987</b>	<b>40,775</b>	<b>9,346</b>	<b>72,108</b>	<b>169</b>	<b>72,277</b>
Total comprehensive income for the period	-	2,905	(749)	2,156	(152)	2,004
Purchase of treasury shares	-	-	(538)	(538)	-	(538)
Share-based payments expenses	-	-	207	207	-	207
FY2014 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)	-	(7,271)
<b>At 30 June 2015</b>	<b>21,987</b>	<b>36,409</b>	<b>8,266</b>	<b>66,662</b>	<b>17</b>	<b>66,679</b>
<b>At 1 January 2016</b>						
<b>At 1 January 2016</b>	<b>21,987</b>	<b>43,799</b>	<b>8,368</b>	<b>74,154</b>	<b>11</b>	<b>74,165</b>
Total comprehensive income for the period	-	1,703	(198)	1,505	(4)	1,501
Purchase of treasury shares	-	-	(256)	(256)	-	(256)
Share-based payments expenses	-	-	199	199	-	199
FY2015 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)	-	(7,271)
<b>At 30 June 2016</b>	<b>21,987</b>	<b>38,231</b>	<b>8,113</b>	<b>68,331</b>	<b>7</b>	<b>68,338</b>



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In S\$'000	Share capital	Accumulated profits	Other reserves	Total equity
<b><u>COMPANY</u></b>				
<b>At 1 April 2015</b>	<b>21,987</b>	<b>13,836</b>	<b>13,599</b>	<b>49,422</b>
Total comprehensive income for the period	-	2,292	-	2,292
Purchase of treasury shares	-	-	(538)	(538)
Share-based payments to employees of Company's subsidiaries	-	-	36	36
Share-based payments expenses	-	-	84	84
FY2014 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)
<b>At 30 June 2015</b>	<b>21,987</b>	<b>8,857</b>	<b>13,181</b>	<b>44,025</b>
<b>At 1 April 2016</b>	<b>21,987</b>	<b>16,715</b>	<b>13,499</b>	<b>52,201</b>
Total comprehensive income for the period	-	1,688	-	1,688
Purchase of treasury shares	-	-	(256)	(256)
Share-based payments to employees of Company's subsidiaries	-	-	16	16
Share-based payments expenses	-	-	77	77
FY2015 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)
<b>At 30 June 2016</b>	<b>21,987</b>	<b>11,132</b>	<b>13,336</b>	<b>46,455</b>
<b>At 1 January 2015</b>	<b>21,987</b>	<b>12,913</b>	<b>13,512</b>	<b>48,412</b>
Total comprehensive income for the period	-	3,215	-	3,215
Purchase of treasury shares	-	-	(538)	(538)
Share-based payments to employees of Company's subsidiaries	-	-	63	63
Share-based payments expenses	-	-	144	144
FY2014 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)
<b>At 30 June 2015</b>	<b>21,987</b>	<b>8,857</b>	<b>13,181</b>	<b>44,025</b>
<b>At 1 January 2016</b>	<b>21,987</b>	<b>15,319</b>	<b>13,393</b>	<b>50,699</b>
Total comprehensive income for the period	-	3,084	-	3,084
Purchase of treasury shares	-	-	(256)	(256)
Share-based payments to employees of Company's subsidiaries	-	-	50	50
Share-based payments expenses	-	-	149	149
FY2015 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)
<b>At 30 June 2016</b>	<b>21,987</b>	<b>11,132</b>	<b>13,336</b>	<b>46,455</b>





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**1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL**

**A) Share Capital**

As at 30 June 2016, the share capital of the Company amounted to \$21.987 million comprising 453,481,418 issued ordinary shares excluding treasury shares. (30 June 2015: 452,458,198 issued ordinary shares excluding treasury shares; 31 December 2015: 454,421,918 issued ordinary shares excluding treasury shares).

During the second quarter ended 30 June 2016, there was no issuance of new ordinary shares.

**B) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")**

As at 30 June 2016, the number of outstanding shares granted under the Company's RSP and PSP were 7,454,990 (30 June 2015: 5,658,288) and 2,969,048 (30 June 2015: 2,043,890) respectively.

**C) Treasury Shares**

During the second quarter ended 30 June 2016, a total of 940,500 ordinary shares were repurchased from the market at a total consideration of \$255,881.

As at 30 June 2016, there were 941,082 (30 June 2015: 1,964,302) treasury shares representing approximately 0.21% of the total issued share capital of the Company.

**2. AUDIT**

The results have not been audited nor reviewed by the Company's auditor.

**3. AUDITORS' REPORT**

Not applicable.

**4. ACCOUNTING POLICIES**

The Group has applied the same accounting policies and method of computation in the preparation of the current period financial statements compared to those used in the annual report for the financial year ended 31 December 2015.

In the current financial year, the Group and the Company have adopted all the new and revised Financial Reporting Standards ("**FRSs**") and Interpretations of FRSs ("**INT FRSs**") that are relevant to its operations and effective for annual periods beginning on 1 January 2016. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior periods.

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.



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**6. EARNINGS PER ORDINARY SHARE (EPS)**

Group	2Q2016	2Q2015	1H2016	1H2015	FY2015
Basic	0.11	0.47	0.37	0.64	2.26
Diluted	0.11	0.47	0.37	0.64	2.26

**7. NET ASSET VALUE PER ORDINARY SHARE**

	GROUP		COMPANY	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	15.07	16.32	10.24	11.16

**8. REVIEW OF GROUP PERFORMANCE**

**A) Revenue**

S\$M	2Q2016	2Q2015	Growth		1H2016	1H2015	Growth	
			\$	%			\$	%
Personal Communications Solutions Services (" <b>PCS</b> ")	94.8	109.7	(14.9)	(14%)	190.5	204.8	(14.3)	(7%)
Info-Communications Technology Services (" <b>ICT</b> ")	15.6	26.5	(10.9)	(41%)	41.4	46.6	(5.2)	(11%)
Network Engineering Services (" <b>Engineering</b> ")	14.2	10.7	3.5	33%	26.6	21.8	4.8	22%
Total	124.6	146.9	(22.3)	(15%)	258.5	273.2	(14.7)	(5%)

- **PCS** – Revenue decreased by \$14.9M and \$14.3M in 2Q2016 and 1H2016 respectively. In Singapore, there were lower sales to a major customer, lower channel and regional sales. There was also lower revenue from Malaysia.
- **ICT** – Revenue decreased by \$10.9M and \$5.2M in 2Q2016 and 1H2016 respectively as a result of lower wholesale voice revenue, lower equipment and software revenue.
- **Engineering** – Revenue increased by \$3.5M and \$4.8M in 2Q2016 and 1H2016 respectively mainly due to higher Radio Network Planning projects revenue in Indonesia as well as higher revenue from Malaysia. These were partially offset by lower project revenue and transmission equipment sales in Singapore.



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**B) PBT**

S\$M	2Q2016	2Q2015	Growth		1H2016	1H2015	Growth	
			\$	%			\$	%
PCS	1.7	1.7	-	-	3.6	4.0	(0.4)	(10%)
ICT	(1.0)	0.4	(1.4)	(350%)	(1.4)	(0.8)	(0.6)	(75%)
Engineering	0.4	0.5	(0.1)	(20%)	0.7	1.1	(0.4)	(36%)
Operating PBT	1.1	2.6	(1.5)	(58%)	2.9	4.3	(1.4)	(33%)
Loss on disposal of a joint venture	-	-	-	-	-	(0.4)	0.4	100%
Group PBT	1.1	2.6	(1.5)	(58%)	2.9	3.9	(1.0)	(26%)

- **PCS** – PBT was maintained at \$1.7M in 2Q2016. PBT decreased by \$0.4M in 1H2016 compared to 1H2015 mainly due to lower profit contribution from Singapore operations partially mitigated by higher profit contribution from Malaysia operations.
- **ICT** – Weaker performance by \$1.4M and \$0.6M in 2Q2016 and 1H2016 respectively were mainly due to lower revenue with lower gross profits.
- **Engineering** – PBT decreased by \$0.1M and \$0.4M in 2Q2016 and 1H2016 respectively were mainly due to weaker performance from Singapore operations.
- In 1H2015, loss on disposal of a joint venture was related to the disposal of a foreign joint venture. The loss arose from reclassification of exchange reserve to income statement.

**9. VARIANCE FROM PROSPECT STATEMENT**

There are no material variances on the actual results for 2Q2016 against the forecasted 2Q2016 set out in the prospect statement in the 1Q2016 announcement dated 5 May 2016.

**10. PROSPECTS**

Based on the current outlook and barring any unforeseen circumstances, the Group expects operating performance for 2H2016 to be better than 1H2016. Overall, the operating performance for the full year 2016 is expected to be lower than that of 2015.

*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.*

**11. 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



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**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Not applicable.

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

In S\$M	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual			
	2Q2016	2Q2015	1H2016	1H2015
<b><u>Transactions for the sales of goods and services</u></b>				
Temasek Holdings (Private) Limited and its Associates	50.7	57.3	106.4	111.3
<b><u>Transactions for the purchases of goods and services</u></b>				
Temasek Holdings (Private) Limited and its Associates	31.0	21.9	61.3	65.0
<b>Total Interested Person Transactions</b>	<b>81.7</b>	<b>79.2</b>	<b>167.7</b>	<b>176.3</b>

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

**14. Statement pursuant to Rule 705(5) of the SGX-ST Listing Manual**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial statements for the second quarter and half year ended 30 June 2016 to be false or misleading in any material aspect.

**15. 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.

**BY ORDER OF THE BOARD**

**Lim Shuh Moh Vincent**  
**President**

Date: 10 August 2016