



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2019

1(a)(i) INCOME STATEMENT FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2019

In S\$'000	3Q2019	3Q2018	+/- %	9M2019	9M2018	+/- %
Revenue (Note 1)	78,460	125,470	-37.5%	232,000	366,685	-36.7%
Cost of sales (Note 1)	(70,446)	(118,566)	-40.6%	(208,592)	(344,876)	-39.5%
Gross profit (Note 2a)	8,014	6,904	16.1%	23,408	21,809	7.3%
Gross margin % (Note 2b)	10.2%	5.5%	4.7 ppt	10.1%	5.9%	4.2 ppt
Other income (Note 3)	160	246	-35.0%	370	541	-31.6%
Selling and marketing expenses (Note 4)	(2,023)	(2,064)	-2.0%	(5,830)	(6,597)	-11.6%
Administrative expenses	(4,032)	(4,249)	-5.1%	(12,610)	(12,686)	-0.6%
Other expenses (Note 5)	35	(92)	nm	(313)	(173)	80.9%
Net finance costs (Note 6a and 6b)	(420)	(283)	48.4%	(1,185)	(656)	80.6%
Operating profit before income tax	1,734	462	275.3%	3,840	2,238	71.6%
% of revenue	2.2%	0.4%	1.8 ppt	1.7%	0.6%	1.1 ppt
Share of profit of associate (net of tax) (Note 7)	59	151	-60.9%	173	379	-54.4%
Profit before income tax	1,793	613	192.5%	4,013	2,617	53.3%
% of revenue	2.3%	0.5%	1.8 ppt	1.7%	0.7%	1.0 ppt
Income tax expense (Note 8)	(281)	(365)	-23.0%	(1,172)	(1,027)	14.1%
Profit for the period	1,512	248	509.7%	2,841	1,590	78.7%
Attributable to:						
Equity holders of the Company	1,512	183	726.2%	2,827	1,461	93.5%
% of revenue	1.9%	0.1%	1.8 ppt	1.2%	0.4%	0.8 ppt
Non-controlling interests	-	65	-100.0%	14	129	-89.1%
	1,512	248	509.7%	2,841	1,590	78.7%
Weighted average number of shares (in '000)	454,384	453,612		454,309	454,029	
Earnings per share (in cents)						
Basic	0.33	0.04		0.62	0.32	
Diluted	0.33	0.04		0.62	0.32	

nm - not meaningful

STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2019

In S\$'000	3Q2019	3Q2018	+/- %	9M2019	9M2018	+/- %
Profit for the period	1,512	248	509.7%	2,841	1,590	78.7%
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Translation differences relating to financial statements of foreign subsidiaries	362	(579)	nm	502	(1,046)	nm
Share of foreign currency translation differences of associate	3	7	-57.1%	2	15	-86.7%
Foreign currency translation differences on disposal of a foreign subsidiary reclassified to profit or loss	-	(44)	-100.0%	56	(44)	nm
Exchange differences on monetary items forming part of net investment in a foreign operations	74	(250)	nm	135	(318)	nm
Total comprehensive income for the period	1,951	(618)	nm	3,536	197	1694.9%
Attributable to:						
Equity holders of the Company	1,951	(683)	nm	3,522	68	5079.4%
Non-controlling interests	-	65	-100.0%	14	129	-89.1%
Total comprehensive income for the period	1,951	(618)	nm	3,536	197	1694.9%

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

In S\$'000	3Q2019	3Q2018	+/- %	9M2019	9M2018	+/- %
Staff costs (Note 9)	13,105	11,892	10.2%	39,376	35,512	10.9%
Provision of directors' remuneration, included in staff costs	117	128	-8.6%	353	383	-7.8%
Depreciation of property, plant and equipment (Note 10)	218	436	-50.0%	835	1,450	-42.4%
Depreciation of right-of-use assets (Note 11)	953	-	nm	2,755	-	nm
Amortisation of intangible assets (Note 12)	122	202	-39.6%	368	454	-18.9%
Provision for bad debts and bad debts written off/(back) (Note 13)	6	(32)	nm	2	(30)	nm
Net exchange (gain)/loss (Note 14)	(41)	35	nm	(42)	(133)	-68.4%
Write down/(back) of inventories to net realisable value (Note 15)	5	(230)	nm	892	(450)	nm
Finance costs (Note 6a)	445	314	41.7%	1,257	802	56.7%
Finance income (Note 6b)	(25)	(31)	-19.4%	(72)	(146)	-50.7%
Adjustments for (over)/under provision of tax in respect of prior years (Note 16)	(119)	-	nm	(16)	29	nm

nm - not meaningful



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Notes:

- (1) Group revenue was lower mainly attributed to the lower revenue from PCS division. Refer to paragraph 8A for additional information. Correspondingly, cost of sales was lower.
- (2a) In 3Q2019 and 9M2019, all business divisions reported higher gross profit against previous period.
- (2b) In 3Q2019, PCS and Engineering divisions reported higher gross margin against 3Q2018. In 9M2019, the higher gross margin was contributed by PCS and ICT.
- (3) Other income in 3Q2019 was mainly from a grant received under the Global Company Partnership offered by International Enterprise Singapore. In 3Q2018, other income was mainly from receipt of penalty charges. In 9M2019, other income was lower as compared to 9M2018 due to lower government grants received for the wage credit and temporary employment credit schemes.
- (4) Selling and marketing expenses in 3Q2019 and 9M2019 were lower due to lower staff costs.
- (5) Other expenses in 3Q2019 was mainly due to a net foreign exchange gain compared to a net exchange loss in 3Q2018. In 9M2019, the higher other expenses were due to prior year tax corrections and a loss of \$56,000 on disposal of a dormant subsidiary was recognised. There was also a lower net exchange gain.
- (6a) Higher finance costs in 3Q2019 and 9M2019 were due to higher interest expenses from higher bank borrowings at higher interest rate. There was also lease interest recognised arising from adoption of SFRS(I) 16 *Leases*.
- (6b) Finance income decreased due to lower interest accretion income recognised in both periods.
- (7) Share of profit of associate was from MVI Systems Limited. The higher share of profit of associate in 3Q2018 and 9M2018 was due to a step-up gain recognised upon the completion of the profit guarantee period, of which the Group's stake in MVI had increased from 25.19% to 29.41%.
- (8) Income tax expense in 3Q2019 was lower due to a refund of overpayment on prior year tax. 9M2019 income tax expenses was higher due to higher taxable profit recognised.
- (9) Higher staff costs in 3Q2019 and 9M2019 were due to increase in headcount to support Engineering projects in Indonesia and Philippines.
- (10) Depreciation of property, plant and equipment in 3Q2019 and 9M2019 were lower due to certain assets being fully depreciated.
- (11) Arising from adoption of SFRS(I) 16 *Leases* with effect from 1 January 2019.
- (12) Amortisation of intangible assets in 3Q2019 and 9M2019 were lower due to certain assets being fully amortised.
- (13) Provision for bad debts in 3Q2019 and 9M2019 were attributed to certain ICT customers.
- (14) In 3Q2019 and 9M2019, net exchange gain arose mainly from USD bank balances due to strengthening of USD against SGD. In 3Q2018, net exchange loss arose mainly from USD payables on appreciation of the US dollar against SGD. In 9M2018, net exchange gain arose from USD payables due to weakening of USD against SGD.
- (15) In 9M2019, there were higher inventory provisions due to slow moving inventory balances held. In 3Q2018 and 9M2018, there were write back on inventories for mobile phones which have been sold.
- (16) Adjustments for the (over)/under provision of taxes were due to the differences in final tax assessment and tax estimates made in prior years.

1(b)(i) STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

In S\$'000	Group		Company	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
<u>Non-current assets</u>				
Subsidiaries	-	-	35,384	34,542
Associate	2,302	2,234	-	-
Property, plant and equipment	1,152	1,635	124	239
Right-of-use assets (Note 1)	9,595	-	5,892	-
Intangible assets	12,638	12,952	206	347
Deferred tax assets	1,268	909	15	15
Trade and other receivables	1,731	1,148	-	-
	28,686	18,878	41,621	35,143
<u>Current assets</u>				
Inventories	21,578	20,258	14,483	17,386
Contract assets	35,892	32,473	-	-
Trade and other receivables	53,391	54,510	9,198	12,460
Cash and cash equivalents	24,160	28,759	6,716	10,277
	135,021	136,000	30,397	40,123
Total assets	163,707	154,878	72,018	75,266
<u>Equity</u>				
Share capital	21,987	21,987	21,987	21,987
Other reserves	7,574	6,789	13,439	13,349
Accumulated profits	40,100	41,994	7,595	11,301
Equity attributable to equity holders of the Company	69,661	70,770	43,021	46,637
Non-controlling interests (Note 2)	12	685	-	-
Total equity	69,673	71,455	43,021	46,637
<u>Non-current liabilities</u>				
Lease liabilities (Note 1)	6,156	-	4,499	-
Provisions	504	162	294	-
Contract liabilities	219	-	-	-
Trade and other payables	-	79	-	-
	6,879	241	4,793	-
<u>Current liabilities</u>				
Trade and other payables	52,343	56,633	13,991	19,610
Contract liabilities	4,664	4,732	-	-
Provision	164	155	-	-
Current tax payable	1,162	338	-	19
Loans and borrowings	25,497	21,324	9,000	9,000
Lease liabilities (Note 1)	3,325	-	1,213	-
	87,155	83,182	24,204	28,629
Total liabilities	94,034	83,423	28,997	28,629
Total equity and liabilities	163,707	154,878	72,018	75,266

Notes:

- (1) The Group adopted SFRS(I) 16 *Leases* with effect from 1 January 2019 based on the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 *Leases* is recognised as an adjustment to the opening balance of accumulated profits as at 1 January 2019, with no restatement of comparative information (refer to paragraph 5 below).
- (2) The decrease was due to the acquisition of the remaining shares of a subsidiary from a non-controlling shareholder.



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1(b)(ii) GROUP BORROWINGS*

In S\$'000	As at 30/09/2019	As at 31/12/2018
Amount repayable in one year or less		
Bank loan – unsecured	25,497	21,324
Amount repayable after one year		
Bank loan – unsecured	-	-
Total	<u>25,497</u>	<u>21,324</u>

Details of any collateral

Nil

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



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1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2019

In S\$'000	3Q2019	3Q2018	9M2019	9M2018
Operating Activities				
Profit before income tax	1,793	613	4,013	2,617
Adjustments for:				
Amortisation of intangible assets	122	202	368	454
Depreciation of property, plant and equipment	218	436	835	1,450
Depreciation of right-of-use assets	953	-	2,755	-
Finance costs	445	314	1,257	802
Finance income	(25)	(31)	(72)	(146)
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(2)	3	37	(2)
(Gain)/loss on disposal of a subsidiary	-	(26)	56	(26)
Write back of provision for warranties	(2)	-	(1)	(1)
Share-based payments expenses	178	146	535	434
Share of profit of associate	(59)	(151)	(173)	(379)
Cash from operating profit before working capital changes	3,621	1,506	9,610	5,203
Changes in working capital	6,156	2,780	(7,666)	(6,991)
Cash generated from operations	9,777	4,286	1,944	(1,788)
Income tax paid	(275)	(270)	(725)	(769)
Net cash inflow/(outflow) from operating activities	9,502	4,016	1,219	(2,557)
Investing Activities				
Acquisition of non-controlling interests	-	-	(685)	-
Dividend received from associate	107	596	107	596
Purchase of intangible assets	(2)	(376)	(54)	(488)
Purchase of property, plant and equipment	(179)	(52)	(413)	(436)
Proceeds from disposal of property, plant and equipment	5	13	8	30
Interest received	3	5	9	24
Net cash (outflow)/inflow from investing activities	(66)	186	(1,028)	(274)
Financing Activities				
Dividend paid	-	-	(4,544)	(7,270)
Interest paid	(433)	(287)	(1,212)	(706)
Purchase of treasury shares	-	(345)	(574)	(655)
Proceeds from bank loans	7,597	17,388	32,669	27,124
Repayment of short term bank loans	(11,716)	(16,644)	(28,495)	(27,014)
Payment of lease liabilities	(922)	-	(2,698)	-
Net cash (outflow)/inflow from financing activities	(5,474)	112	(4,854)	(8,521)
Net increase/(decrease) in cash and cash equivalents	3,962	4,314	(4,663)	(11,352)
Cash and cash equivalents at beginning of period	20,128	27,202	28,759	42,926
Effect of exchange rate changes on balances held in foreign currencies	70	(166)	64	(224)
Cash and cash equivalents at end of period	24,160	31,350	24,160	31,350



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Cash flows from operating activities

Net cash inflow in 3Q2019 was positive from operating profits and a positive change in working capital due to lower contract assets and higher trade payables. Net cash inflow in 9M2019 was from operating profits partially offset by a negative change in working capital from higher contract assets held and lower trade payables.

Cash flows from investing activities

Net cash outflow in 3Q2019 and 9M2019 were due to purchase of property, plant and equipment. In 9M2019, there was also consideration paid to acquire the remaining shares of a subsidiary from a non-controlling shareholder. Dividend received from an associate was also lower in 3Q2019 and 9M2019.

Cash flows from financing activities

Net cash outflow in 3Q2019 was mainly due to net repayment of bank loans. In 9M2019, lower net cash outflow was due to the lower dividend paid and additional bank loans. Payment of lease liabilities was disclosed following the adoption of SFRS(I) 16 Leases.

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

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 July 2018	21,987	39,204	7,002	68,193	454	68,647
Total comprehensive income for the period	-	183	(886)	(683)	65	(618)
Purchase of treasury shares	-	-	(345)	(345)	-	(345)
Issue of treasury shares	-	-	138	138	-	138
Share-based payments expenses	-	-	146	146	-	146
At 30 September 2018	21,987	39,387	6,075	67,449	519	67,968
At 1 July 2019	21,987	38,588	6,957	67,532	12	67,544
Total comprehensive income for the period	-	1,512	439	1,951	-	1,951
Share-based payments expenses	-	-	178	178	-	178
At 30 September 2019	21,987	40,100	7,574	69,661	12	69,673
At 1 January 2018	21,987	45,196	7,551	74,734	390	75,124
Total comprehensive income for the period	-	1,461	(1,393)	68	129	197
Purchase of treasury shares	-	-	(655)	(655)	-	(655)
Issue of treasury shares	-	-	138	138	-	138
Share-based payments expenses	-	-	434	434	-	434
FY2017 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,270)	-	(7,270)	-	(7,270)
At 30 September 2018	21,987	39,387	6,075	67,449	519	67,968
At 1 January 2019	21,987	41,994	6,789	70,770	685	71,455
Effect of adoption of SFRS(I) 16	-	(177)	-	(177)	-	(177)
Adjusted balance at 1 January 2019	21,987	41,817	6,789	70,593	685	71,278
Total comprehensive income for the period	-	2,827	695	3,522	14	3,536
Acquisition of non-controlling interests	-	-	-	-	(687)	(687)
Purchase of treasury shares	-	-	(574)	(574)	-	(574)
Issue of treasury shares	-	-	129	129	-	129
Share-based payments expenses	-	-	535	535	-	535
FY2018 final dividend of 1.0 cents per share (one-tier tax exempt)	-	(4,544)	-	(4,544)	-	(4,544)
At 30 September 2019	21,987	40,100	7,574	69,661	12	69,673

In S\$'000	Share capital	Accumulated profits	Other reserves	Total equity
<u>COMPANY</u>				
At 1 July 2018	21,987	8,761	13,264	44,012
Total comprehensive income for the period	-	273	-	273
Purchase of treasury shares	-	-	(345)	(345)
Issue of treasury shares	-	-	138	138
Share-based payments to employees of Company's subsidiaries	-	-	40	40
Share-based payments expenses	-	-	106	106
At 30 September 2018	21,987	9,034	13,203	44,224
At 1 July 2019	21,987	6,827	13,261	42,075
Total comprehensive income for the period	-	768	-	768
Share-based payments to employees of Company's subsidiaries	-	-	53	53
Share-based payments expenses	-	-	125	125
At 30 September 2019	21,987	7,595	13,439	43,021
At 1 January 2018	21,987	12,119	13,286	47,392
Total comprehensive income for the period	-	4,185	-	4,185
Purchase of treasury shares	-	-	(655)	(655)
Issue of treasury shares	-	-	138	138
Share-based payments to employees of Company's subsidiaries	-	-	118	118
Share-based payments expenses	-	-	316	316
FY2017 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,270)	-	(7,270)
At 30 September 2018	21,987	9,034	13,203	44,224
At 1 January 2019	21,987	11,301	13,349	46,637
Effect of adoption of SFRS(I) 16	-	(110)	-	(110)
Adjusted balance at 1 January 2019	21,987	11,191	13,349	46,527
Total comprehensive income for the period	-	948	-	948
Purchase of treasury shares	-	-	(574)	(574)
Issue of treasury shares	-	-	129	129
Share-based payments to employees of Company's subsidiaries	-	-	158	158
Share-based payments expenses	-	-	377	377
FY2018 final dividend of 1.0 cents per share (one-tier tax exempt)	-	(4,544)	-	(4,544)
At 30 September 2019	21,987	7,595	13,439	43,021



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

A) Share Capital

As at 30 September 2019, the share capital of the Company amounted to S\$21.987 million comprising 454,383,525 issued ordinary shares excluding treasury shares (30 September 2018: 454,387,185 ordinary shares excluding treasury shares; 31 December 2018: 454,387,185 ordinary shares excluding treasury shares).

During the third quarter ended 30 September 2019, there was no issuance of new ordinary shares.

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

As at 30 September 2019, the number of outstanding shares granted under the Company's RSP and PSP were 5,649,545 (30 September 2018: 4,643,885) and 3,660,000 (30 September 2018: 3,400,000) respectively.

C) Treasury Shares

During the third quarter ended 30 September 2019, the Company did not purchase any of its ordinary shares from the market. As at 30 September 2019, there were 38,975 (30 September 2018: 35,315) treasury shares representing approximately 0.0086% of the total issued share capital of the Company.

D) Subsidiary holdings

As at 30 September 2019, none of the Company's subsidiaries held any shares in the Company (30 September 2018: Nil).

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 2018, except for the adoption of new or revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and Interpretations to FRS ("**INT FRS**") which became effective from this financial year as follows:

- SFRS(I) 16: Leases
- SFRS(I) INT 23: Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 9: Financial Instruments - Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28: Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I)1-19: Employee Benefits - Plan Amendment, Curtailment or Settlement

5. CHANGES IN ACCOUNTING POLICIES

In the current financial year, the Group and the Company have adopted all the new and revised SFRS(I)s that are relevant to its operations and effective for annual periods beginning on 1 January 2019. The adoption of these new/revised SFRS(I)s 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, except as stated below:

SFRS(I) 16 Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. The adoption of SFRS(I) 16 resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases was removed. Exceptions to this standard are short-term and low value leases. The accounting for lessors was not changed significantly.

Under the standard, an asset (“**ROU asset**”) and a financial liability to pay rentals are recognised in the balance sheet and depreciation charge on the ROU assets and interest expenses on the lease liabilities are recognised in the income statement.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group applied the practical expedient to grandfather the definition of a lease on transition. SFRS(I) 16 is applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The adoption of SFRS(I) 16 resulted in adjustments to the Statement of Financial Position of the Group as at 1 January 2019. The differences from the Statement of Financial Position as previously reported at 31 December 2018 are as follows:

Statement of Financial Position as at 1 January 2019 In S\$'000	Increase/ (Decrease)
Property, plant and equipment	(12)
Right-of-use assets	11,039
Lease liabilities	11,204
Accumulated profits	(177)

6. EARNINGS PER ORDINARY SHARE

Group	3Q2019	3Q2018	9M2019	9M2018	FY2018
Basic	0.33	0.04	0.62	0.32	0.88
Diluted	0.33	0.04	0.62	0.32	0.88

7. NET ASSET VALUE PER ORDINARY SHARE

	GROUP		COMPANY	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	15.33	15.57	9.47	10.26

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

S\$M	3Q2019	3Q2018	Growth		9M2019	9M2018	Growth	
			S\$	%			S\$	%
Personal Communications Solutions Services (" PCS ")	41.6	92.9	(51.3)	-55%	128.9	267.0	(138.1)	-52%
Info-Communications Technology Services (" ICT ")	16.9	14.6	2.3	16%	47.8	52.1	(4.3)	-8%
Network Engineering Services (" Engineering ")	20.0	18.0	2.0	11%	55.3	47.6	7.7	16%
Group Revenue	78.5	125.5	(47.0)	-37%	232.0	366.7	(134.7)	-37%

- **PCS** – Revenue decreased in 3Q2019 and 9M2019 mainly due to lower equipment sales to a major customer in Singapore and lower prepaid sales. This was partially mitigated by higher channel sales, field and cabling services revenue and commission income.
- **ICT** – Revenue increased in 3Q2019 was attributable to higher software sales. Lower revenue in 9M2019 was attributed to lower software revenue and enterprise network products distribution sales with the disposal of the business in 3Q2018.
- **Engineering** – Revenue increased in 3Q2019 and 9M2019. Except for the Singapore operations, all other operations reported an increase in revenue.

B) PBT

S\$M	3Q2019	3Q2018	Growth		9M2019	9M2018	Growth	
			S\$	%			S\$	%
PCS	1.0	0.7	0.3	43%	3.4	2.9	0.5	17%
ICT	0.3	(0.4)	0.7	nm	(0.3)	(1.2)	0.9	75%
Engineering	0.5	0.3	0.2	67%	0.9	0.9	-	-
Group PBT	1.8	0.6	1.2	200%	4.0	2.6	1.4	54%

- **PCS** – PBT increased in 3Q2019 and 9M2019 were from the Singapore operations. The higher PBT from the Singapore operations was due to higher margin service revenue. PBT from the Malaysia operations was lower due to lower variable commission recognised.
- **ICT** – PBT in 3Q2019 was from higher revenue and gross profit and lower operating expenses. Lower losses in 9M2019 was mainly due to higher margin service revenue and lower operating expenses partially offset by a lower share of profit from associate.
- **Engineering** – PBT improvements in 3Q2019 were from the Malaysian and Philippines operations. Only the Indonesian operations was profitable in 9M2019.



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9. VARIANCE FROM PROSPECT STATEMENT

The better than expected operating performance for 3Q2019 and 9M2019 were from changes in sales mix leading to improved margins. This varied from the prospect statement set out in the 1H2019 announcement dated 14 August 2019 which stated that the Group expects operating performance for FY2019 to be maintained at the same level as FY2018.

10. PROSPECTS

Based on the current outlook and barring any unforeseen circumstances, the Group expects operating performance for FY2019 to be slightly better than that of FY2018. Overall, the operating environment remains challenging and uncertain.

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

(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.



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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			
	3Q2019	3Q2018	9M2019	9M2018
<u>Transactions for the sales of goods and services</u>				
Temasek Holdings (Private) Limited and its Associates	11.5	62.9	48.2	180.9
<u>Transactions for the purchases of goods and services</u>				
Temasek Holdings (Private) Limited and its Associates	7.8	20.0	26.8	52.9
Total Interested Person Transactions	19.3	82.9	75.0	233.8

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).

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 third quarter and nine months ended 30 September 2019 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: 14 November 2019