TeleChoice International Limited
and its Subsidiaries
Registration Number: 199802072R

Condensed Interim Financial Statements
For the half year ended 30 June 2021

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income Period ended 30 June 2021

Consolidated Statement of Profit or Loss

In S$'000	1H2021	1H2020	+/- %
Revenue (Note 1)	93,587	100,644	-7.0%
Cost of sales (Note 1)	(86,733)	(92,559)	-6.3%
Gross profit (Note 2a)	**6,854**	**8,085**	**-15.2%**
Gross margin % (Note 2b)	*7.3%*	*8.0%*	*-0.7 ppt*
Other income (Note 3)	1,612	2,751	-41.4%
Selling and marketing expenses	(3,612)	(3,668)	-1.5%
Administrative expenses	(7,171)	(7,872)	-8.9%
Other expenses	(145)	(142)	2.1%
Net finance costs (Note 4)	(348)	(798)	-56.4%
Operating loss before income tax	**(2,810)**	**(1,644)**	**-70.9%**
% of revenue	*-3.0%*	*-1.6%*	*-1.4 ppt*
Share of loss of associate (net of tax) (Note 5)	(115)	(135)	14.8%
Loss before income tax	**(2,925)**	**(1,779)**	-64.4%
% of revenue	*-3.1%*	*-1.8%*	*-1.3 ppt*
Income tax expense (Note 6)	(237)	(255)	-7.1%
Loss for the period	(3,162)	(2,034)	-55.5%
Attributable to:			
Equity holders of the Company	**(3,162)**	**(2,034)**	**-55.5%**
% of revenue	*-3.4%*	*-2.0%*	*-1.4 ppt*
Non-controlling interests	-	-*	-
	(3,162)	(2,034)	-55.5%
Weighted average number of shares (in S$'000)	454,371	452,807	
Earnings per share (in cents)			
Basic	(0.70)	(0.45)	
Diluted	(0.69)	(0.44)	

* - less than S$1,000

Consolidated Statement of Other Comprehensive Income

In S$'000	1H2021	1H2020	+/- %
Loss for the period	(3,162)	(2,034)	-55.5%
Items that may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries	(240)	388	nm
Share of foreign currency translation differences of associate	1	26	-96.2%
Exchange differences on monetary items forming part of net investment in a foreign operation	3	30	-90.0%
Total comprehensive loss for the period	(3,398)	(1,590)	-113.7%
Attributable to:			
Equity holders of the Company	(3,398)	(1,590)	-113.7%
Non-controlling interests	-	-*	-
Total comprehensive loss for the period	(3,398)	(1,590)	-113.7%

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

(1) Group revenue was lower due mainly to the lower revenue from PCS and Engineering divisions. Correspondingly, cost of sales was lower.

(2a) In 1H2021, ICT and Engineering divisions reported lower gross profit against previous period.

(2b) Group lower gross margin was attributed mainly to ICT.

(3) In 1H2021, other income was lower due to lower government grants received under the Job Support Scheme.

(4) Lower finance costs was due to lower bank borrowings as sales activities were reduced.

(5) Share of loss of associate was from MVI Systems Limited. The share of loss in 1H2021 was lower as MVI Systems Limited reported higher revenue and improvement in gross margin.

(6) In 1H2021, income tax expense was lower due to lower taxable profit from the overseas operations.

B. Condensed Interim Statements of Financial Position
As at 30 June 2021

	Group		Company	
In S$'000	**30/06/2021**	**31/12/2020**	**30/06/2021**	**31/12/2020**
Non-current assets				
Subsidiaries	-	-	27,485	27,489
Associate	1,835	1,948	-	-
Plant and equipment	1,377	992	71	81
Right-of-use assets	5,386	6,908	3,713	4,274
Intangible assets	6,947	6,973	90	105
Deferred tax assets	714	656	28	28
Trade and other receivables	779	899	-	-
	17,038	**18,376**	**31,387**	**31,977**
Current assets				
Inventories	9,777	7,568	5,948	4,827
Contract assets	20,862	24,485	-	-
Trade and other receivables	32,365	39,719	5,276	11,323
Cash and cash equivalents	29,240	27,311	6,928	4,892
	92,244	**99,083**	**18,152**	**21,042**
Total assets	**109,282**	**117,459**	**49,539**	**53,019**
Equity				
Share capital	21,987	21,987	21,987	21,987
Other reserves	7,095	7,228	13,900	13,797
Accumulated profits	27,140	32,574	119	2,881
Equity attributable to equity holders of the Company	**56,222**	**61,789**	**36,006**	**38,665**
Non-controlling interests	11	11	-	-
Total equity	**56,233**	**61,800**	**36,006**	**38,665**
Non-current liabilities				
Lease liabilities	2,885	3,141	2,408	2,984
Provisions	482	538	294	294
Contract liabilities	257	205	-	-
Trade and other payables	573	573	-	-
	4,197	**4,457**	**2,702**	**3,278**
Current liabilities				
Trade and other payables	32,153	28,695	5,574	5,767
Contract liabilities	4,095	3,678	-	-
Provision	171	118	-	-
Current tax payable	169	72	-	-
Loans and borrowings	9,665	14,131	4,000	4,000
Lease liabilities	2,435	3,668	1,257	1,211
Deferred income	164	840	-	98
	48,852	**51,202**	**10,831**	**11,076**
Total liabilities	**53,049**	**55,659**	**13,533**	**14,354**
Total equity and liabilities	**109,282**	**117,459**	**49,539**	**53,019**

Lower total equity as at 30 June 2021 was due to losses recorded for 1H2021 and a dividend payment in May 2021.

C. Condensed Interim Consolidated Statement of Cash Flows
Period ended 30 June 2021

In S$'000	**1H2021**	**1H2020**
Operating Activities		
Loss before income tax	(2,925)	(1,779)
Adjustments for:		
Amortisation of intangible assets	122	185
Depreciation of plant and equipment	310	414
Depreciation of right-of-use assets	2,258	2,511
Finance costs	385	853
Finance income	(38)	(55)
Gain on disposal of plant and equipment and intangible assets	(1)	(4)
Bad debts written off/(back)	1	(24)
Provision/(write back) for warranties	8	(2)
Share-based payments expenses	242	386
Share of loss of an associate	115	135
Cash from operating profit before working capital changes	477	2,620
Changes in working capital	11,926	16,526
Cash generated from operations	12,403	19,146
Income tax paid	(203)	(272)
Net cash inflow from operating activities	**12,200**	**18,874**
Investing Activities		
Dividend received from associate	-	111
Purchase of intangible assets	(96)	(82)
Purchase of plant and equipment	(706)	(680)
Proceeds from disposal of plant and equipment	7	9
Interest received	5	24
Net cash outflow from investing activities	**(790)**	**(618)**
Financing Activities		
Dividend paid	(2,272)	(4,525)
Interest paid	(364)	(852)
Purchase of treasury shares	(139)	(357)
Proceeds from bank loans	20,846	19,735
Repayment of short term bank loans	(25,312)	(22,140)
Payment of lease liabilities	(2,202)	(2,378)
Net cash outflow from financing activities	**(9,443)**	**(10,517)**
Net increase in cash and cash equivalents	1,967	7,739
Cash and cash equivalents at beginning of period	27,311	23,090
Effect of exchange rate changes on balances held in foreign currencies	(38)	87
Cash and cash equivalents at end of period	**29,240**	**30,916**

Cash flows from operating activities

Net cash inflow in 1H2021 was positive from cash from operating profits and positive changes in working capital mainly due to lower contract assets and trade and other receivables.

Cash flows from investing activities

Net cash outflow in 1H2021 was mainly in capital expenditure.

Cash flows from financing activities

There was higher net repayment of bank loans in 1H2021. The lower net cash outflow in 1H2021 was mainly due to a lower dividend payout for FY2020.

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D. Condensed Interim Statements of Changes in Equity
Period ended 30 June 2021

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 2020	**21,987**	**42,666**	**7,324**	**71,977**	**11**	**71,988**
Total comprehensive income for the period	-	(2,034)	444	(1,590)	-*	(1,590)
Purchase of treasury shares	-	-	(357)	(357)	-	(357)
Share-based payments expenses	-	-	386	386	-	386
FY2019 final dividend of 1.0 cents per share (one-tier tax exempt)	-	(4,525)	-	(4,525)	-	(4,525)
At 30 June 2020	**21,987**	**36,107**	**7,797**	**65,891**	**11**	**65,902**

* - less than S$1,000

D. Condensed Interim Statements of Changes in Equity
Period ended 30 June 2021

In S$'000	Share capital	Accumulated profits	Other reserves	Total equity
COMPANY				
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 2020	**21,987**	**12,143**	**13,408**	**47,538**
Total comprehensive income for the period	-	127	-	127
Purchase of treasury shares	-	-	(357)	(357)
Share-based payments to employees of Company's subsidiaries	-	-	117	117
Share-based payments expenses	-	-	269	269
FY2019 final dividend of 1.0 cents per share (one-tier tax exempt)	-	(4,525)	-	(4,525)
At 30 June 2020	**21,987**	**7,745**	**13,437**	**43,169**

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 50 Raffles Place #06-00 Singapore Land Tower, Singapore 048623 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 2021 comprise the Company and its subsidiaries (together referred to as the Group).

The principal activities of the Company during the financial year 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, Chapter 183.

2. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2021 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 2020.

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 2020.

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 consumer fulfilment and managed services. It provides retail, e-commerce, distribution and supply chain management services relating to mobile communication devices, wearables and smart accessories. 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 appointed distributor of StarHub's prepaid card business, and also provides StarHub with mobile handset delivery and last mile services. PCS also manages concept stores for major mobile device manufacturers such as Samsung and Huawei. In Malaysia, PCS provides retail management, fulfilment and supply chain services to U Mobile Sdn Bhd, a data-centric and multiple award-winning mobile data service company in Malaysia. PCS also operates an e-commerce site, www.eplanetworld.com, which offers the latest mobile phones, tablets, accessories as well as wearables and smart gadgets for online shoppers.

Info-Communications Technology Services ("ICT"): This division is a leading regional integrated info-communications solutions provider. It provides consultancy and system integration services for enterprise IT infrastructure and cutting-edge business solutions and applications. Its extensive offerings include managed and hosted services, fixed and wireless networking, as well as campus management, customer relationship management, contact centre and unified communications solutions. It also provides consultancy and managed services to help companies adopt cloud, big data, analytics, Internet of Things and smart learning 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. 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 1H2021 $'000	Personal communications solutions services 1H2020 $'000	Info-communications technology services 1H2021 $'000	Info-communications technology services 1H2020 $'000	Network engineering services 1H2021 $'000	Network engineering services 1H2020 $'000	Total 1H2021 $'000	Total 1H2020 $'000
Equipment and cards sales	37,104	41,830	9,847	7,447	2,105	3,682	49,056	52,959
Voice services, mobile data and location tracking services	–	–	1,179	1,597	–	–	1,179	1,597
Logistic and consultancy services	4,916	4,672	–	–	–	–	4,916	4,672
Maintenance support services	–	–	9,947	5,669	30	44	9,977	5,713
Network engineering projects	–	–	–	–	22,831	28,551	22,831	28,551
Info-communication technology projects	–	–	5,628	7,152	–	–	5,628	7,152
Total revenue from external customers	42,020	46,502	26,601	21,865	24,966	32,277	93,587	100,644
Inter-segment revenue	17	–	45	85	–	–	62	85
	42,037	46,502	26,646	21,950	24,966	32,277	93,649	100,729
Timing of revenue recognition								
Products transferred at a point in time	42,020	46,502	18,323	11,859	5,370	7,399	65,713	65,760
Products and services transferred over time	–	–	8,278	10,006	19,596	24,878	27,874	34,884
	42,020	46,502	26,601	21,865	24,966	32,277	93,587	100,644

	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	1H2021 $'000	1H2020 $'000	1H2021 $'000	1H2020 $'000	1H2021 $'000	1H2020 $'000	1H2021 $'000	1H2020 $'000
Interest income	13	22	38	90	1	1	52	113
Interest expenses	131	215	25	14	244	683	400	912
Amortisation of intangible assets	24	64	96	116	3	5	123	185
Depreciation of plant and equipment	71	93	56	39	183	282	310	414
Depreciation of right-of-use assets	2,101	2,320	8	8	149	183	2,258	2,511
Reportable segment loss before income tax	**(276)**	**(673)**	**(1,854)**	**(406)**	**(680)**	**(565)**	**(2,810)**	**(1,644)**
Share of loss of associate (net of tax)	–	–	(115)	(135)	–	–	(115)	(135)
Reportable segment assets	32,393	36,721	37,166	42,539	37,888	56,546	107,447	135,806
Investment in associate	–	–	1,835	2,074	–	–	1,835	2,074
Capital expenditure								
- Plant and equipment	27	22	484	45	195	613	706	680
- Intangible assets	7	27	89	49	-	6	96	82
Reportable segment liabilities	17,453	23,557	18,890	19,948	16,706	28,470	53,049	71,975

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

	Group	
	1H2021	**1H2020**
	$'000	**$'000**
Revenue		
Total revenue for reportable segments	93,649	100,729
Elimination of inter-segment revenue	(62)	(85)
Consolidated revenue	93,587	100,644
Profit or loss		
Total profit or loss for reportable segments	(2,810)	(1,644)
Share of loss of associate	(115)	(135)
Consolidated loss before income tax	(2,925)	(1,779)
Assets		
Total assets for reportable segments	107,447	135,806
Investment in associate	1,835	2,074
Consolidated total assets	109,282	137,880
Liabilities		
Total liabilities for reportable segments	53,049	71,975

	Reportable segment totals	Adjustments	Consolidated totals
	$'000	**$'000**	**$'000**
Other material items 1H2021			
Interest income	(52)	14	(38)
Interest expenses	400	(14)	386
Capital expenditure			
- plant and equipment	706	–	706
- intangible assets	96	–	96
Other material items 1H2020			
Interest income	(113)	58	(55)
Interest expenses	912	(58)	854
Capital expenditure			
- plant and equipment	680	–	680
- intangible assets	82	–	82

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.

	Revenue	Non-current assets*
	$'000	$'000
30 June 2021		
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
30 June 2020		
Singapore	72,013	21,705
Indonesia	23,344	956
Malaysia	3,803	50
Philippines	1,286	111
Hong Kong	11	2,074
Other countries	187	6
	100,644	24,902

* 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 $'000	Other financial liabilities $'000	Total carrying amount $'000
Group			
30 June 2021			
Financial assets not measured at fair value			
Trade and other receivables*	30,902	–	30,902
Cash and cash equivalents	29,240	–	29,240
	60,142	–	60,142
Financial liabilities not measured at fair value			
Trade and other payables#	–	32,260	32,260
Loans and borrowings	–	9,665	9,665
	–	41,925	41,925
Company			
30 June 2021			
Financial assets not measured at fair value			
Trade and other receivables*	5,125	–	5,516
Cash and cash equivalents	6,928	–	6,928
	12,444	–	12,444
Financial liabilities not measured at fair value			
Trade and other payables#	–	5,559	5,559
Loans and borrowings	–	4,000	4,000
	–	9,559	9,559
Group			
31 December 2020			
Financial assets not measured at fair value			
Trade and other receivables*	36,905	–	36,905
Cash and cash equivalents	27,311	–	27,311
	64,216	–	64,216
Financial liabilities not measured at fair value			
Trade and other payables#	–	28,865	28,865
Loans and borrowings	–	14,131	14,131
	–	42,996	42,996
Company			
31 December 2020			
Financial assets not measured at fair value			
Trade and other receivables*	9,615	–	9,615
Cash and cash equivalents	4,892	–	4,892
	14,507	–	14,507
Financial liabilities not measured at fair value			
Trade and other payables#	–	5,753	5,753
Loans and borrowings	–	4,000	4,000
	–	9,753	9,753

* 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:

	Note	Group 1H2021 $'000	Group 1H2020 $'000
Amortisation of intangible assets	(a)	122	185
Depreciation of plant and equipment	(b)	310	414
Depreciation of right-of-use assets	(c)	2,258	2,511
Audit fees paid to:			
- auditors of the Company		108	101
- other auditors	(d)	75	15
Cost of inventories recognised as an expense in income statement		41,132	43,024
Directors' remuneration		246	236
Grant income from Job Support Scheme	(e)	(1,341)	(2,210)
Other government grants	(e)	(167)	(338)
Net exchange loss/(gain)	(f)	1	(180)
Impairment loss/(Reversal of impairment loss) on trade receivables	(g)	1	(24)
Gain on disposal of plant and equipment		(1)	(4)
Employee benefits expense			
Staff costs	(h)	21,586	24,659
Contributions to defined contribution plans, included in staff costs	(h)	1,397	1,385
Share-based payments expenses, included in staff costs	(h)	242	386
Finance income			
Interest income			
- banks and financial institutions		(5)	(24)
- interest accretion		(33)	(31)
	(i)	(38)	(55)
Finance costs			
Interest expense			
- banks and financial institutions		288	706
- leases liabilities		77	146
- interest accretion		21	1
		386	853

(a) In 1H2021, amortisation of intangible assets was lower due to certain assets being fully amortised.
(b) In 1H2021, depreciation of plant and equipment was lower due to certain assets being fully depreciated.
(c) Lower depreciation of right-of-use assets was due to closure of several retail outlets.
(d) Higher audit fees paid to other auditors was due to internal audit function being outsourced in 1H2021. In 1H2020, the internal audit was performed by the in-house team.
(e) In 1H2021, there were lower foreign worker levy rebates and lower receipts from the Jobs Support Scheme and Wage Credit Scheme.
(f) Net exchange gain in 1H2020 arose mainly from USD bank balances due to strengthening of USD against SGD.
(g) The write back of bad debts in 1H2020 was attributed to an Engineering Division customer.
(h) Staff costs were lower in 1H2021 due to lower sales activities resulting in lower cost of sales related salaries cost and lower sales commission paid.
(i) Lower finance income in 1H2021 was due to lower bank interest income.

7. Taxation

	Group	
	1H2021	1H2020
	$'000	$'000
Current tax expense		
Current year	300	385
Over provision in respect of prior years	(63)	(4)
	237	381
Deferred tax (credit)/expense		
Over provision in respect of prior years	-	(126)
Tax expense	237	255

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	
	1H2021	1H2020
	$'000	$'000
Paid by the Company to owners of the Company		
0.5 cents per qualifying ordinary share (2019: 1.0 cents)	2,272	4,525

9. Net asset value

	GROUP		COMPANY	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	12.39	13.60	7.94	8.51

10. Intangible assets

Group	Computer software $'000	Retail business infrastructure $'000	Customer relationships $'000	Order backlogs $'000	Goodwill $'000	Total $'000
At 31 December 2020						
Cost	3,299	1,304	6,688	727	11,853	23,871
Accumulated amortisation and impairment losses	(2,733)	(1,304)	(6,688)	(727)	(5,446)	(16,898)
Carrying amounts	566	–	–	–	6,407	6,973
Cost						
At 1 January 2021	3,299	1,304	6,688	727	11,853	23,871
Additions	96	–	–	–	–	96
Disposal/Write off	(80)	–	–	–	–	(80)
At 30 June 2021	3,315	1,304	6,688	727	11,853	23,887
Accumulated amortisation and impairment losses						
At 1 January 2021	2,733	1,304	6,688	727	5,446	16,898
Amortisation charge for the year	122	–	–	–	–	122
Disposal/Write off	(80)	–	–	–	–	(80)
At 30 June 2021	2,775	1,304	6,688	727	5,446	16,940
Carrying amounts						
At 30 June 2021	540	–	–	–	6,407	6,947

	Computer software $'000
Company	
At 31 December 2020	
Cost	1,351
Accumulated amortisation and impairment losses	(1,246)
Carrying amounts	105
Cost	
At 1 January 2021	1,351
Additions	7
At 30 June 2021	1,358
Accumulated amortisation	
At 1 January 2021	1,246
Amortisation charge for the year	22
At 30 June 2021	1,268
Carrying amounts	
At 30 June 2021	90

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to a group of CGUs which is the acquired group of entities. The recoverable amounts of the CGUs were 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 CGUs. 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 2020.

11. Plant and equipment

During the half year ended 30 June 2021, the Group acquired assets amounting to S$706,000 (30 June 2020: S$680,000) and disposed of assets amounting to S$6,000 (30 June 2020: S$5,000).

12. Loan and borrowings*

In S$'000	As at 30/06/2021	As at 31/12/2020
Amount repayable in one year or less		
Bank loan – unsecured	9,665	14,131
Amount repayable after one year		
Bank loan – unsecured	-	-
Total	9,665	14,131

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 2021, the share capital of the Company amounted to S$21.987 million comprising 453,649,335 issued ordinary shares excluding treasury shares. (30 June 2020: 451,553,525 ordinary shares excluding treasury shares; 31 December 2020: 454,419,335 ordinary shares excluding treasury shares).

During the half year ended 30 June 2021, there was no issuance of new ordinary shares.

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

As at 30 June 2021, the number of outstanding shares granted under the Company's RSP and PSP were 5,361,036 (30 June 2020: 9,609,545) and 3,700,500 (30 June 2020: 4,296,200) respectively.

(ii) Treasury Shares

During the half year ended 30 June 2021, a total of 770,000 ordinary shares were repurchased from the market at a total consideration of S$138,931. As at 30 June 2021, there were 773,165 (30 June 2020: 2,868,975) treasury shares representing approximately 0.17% of the total issued share capital of the Company. There was no sale, disposal, cancellation or use of treasury shares in 1H2021.

(iii) Subsidiary Holdings

As at 30 June 2021, none of the Company's subsidiaries held any shares in the Company (30 June 2020: Nil).

14. Subsequent events

There are no known subsequent events which led to adjustments to this set of 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 statements of financial position as at 30 June 2021 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 and certain explanatory notes have not been audited or reviewed.

2. Review of Group performance

The Group registered revenue of S$93.6 million in 1H2021, a 7% decrease compared to S$100.6 million in 1H2020 on the back of lower contribution from PCS and Engineering Divisions. The S$2.9 million loss before tax recorded in 1H2021 was 64% higher than the 1H2020 loss before tax of S$1.8 million. This was mainly attributed to the lower government grants and hardly any rental rebates received in 1H2021. These supports received had partially alleviated some of the Group fixed cost in 1H2020. There were also expenses incurred for the Group's new initiatives in 1H2021. Lower operating expenses and lower financing cost had partially mitigated the lower gross profit in 1H2021. If the government and rental support received were to be excluded, the Group operating loss in 1H2021 would have been lower than that of 1H2020 mainly due to the profit improvement from the PCS Division, which was partially offset by the higher operating loss from the ICT division.

PCS Division registered a significant profit improvement in 1H2021. Revenue was lower due to short supply of some of the popular handset models. Gross margin improved as compared to the corresponding period a year ago when the COVID-19 situation, which caused lower footfall in shopping malls due to movement restrictions and physical distancing requirements as well as temporary store closures, had impacted performance. In addition, the sales of Quair, an innovative clean air solution, have been encouraging since its launch in June 2021. Unfortunately, retail traffic in its Malaysia operations continued to be lackluster due to the surge of COVID-19 cases, resulting in lower profits due to lower variable commissions received with fewer walk-in customers.

ICT Division incurred a loss although higher revenue was registered in 1H2021. Customers remained prudent in capex spending with resultant delay in project tendering and awards. There is also increasing demand for cloud-based solutions to reduce capex spending. The higher revenue in 1H2021 was mainly from lower margin maintenance renewal and hardware sales. The Division's loss was primarily due to lower project revenue recognition, product sales and voice usage. It was less impacted in 1H2020 due to completion of orders secured prior to the COVID-19 outbreak. To capture new market, the Division also incurred expenses relating to its new Internet of Things ("**IoT**") and cloud initiatives. The development of its in-house IoT service platform and cloud-based unified communications and contact centre solutions will bolster its service capabilities to enable these solutions to be delivered in a faster, cheaper and more consistent manner.

Engineering Division's performance in 1H2021 continued to be impacted by the COVID-19 pandemic situation and it recorded losses mainly from its Singapore and Philippines operations. Loss in Singapore was mainly due to lower gross margin while in the Philippines, the Division managed to narrow its loss on the back of revenue from its new higher-margin projects. Its Indonesian operations recorded lower profit due to project delays and higher operational costs. The overall operating environment for the Division remains challenging, especially for its regional operations which saw a surge of COVID-19 cases among its employees. Operating margin had been severely impacted by mandatory COVID-19 movement measures which include restrictions to building access and transport. Mandatory work-from-home arrangements in a poor internet access environment have also resulted in project inefficiencies and rising costs of project implementation. The Division weaker operating performance was also compounded by the lack of government support for its regional operations and the safety concerns for its employees.

The Group generated cash from its operating activities in 1H2021 due to the improvement in working capital. As at 30 June 2021, after paying dividends of S$2.3 million, the Group remains in a net cash position with of S$19.6million, an improvement of S$6.4million against 31 December 2020 net cash of S$13.2 million.

3. Variance from prospect statement

No forecast was previously disclosed to the market.

4. Prospects

The Ministry of Trade and Industry has upgraded its forecast for Singapore's gross domestic product to grow between 6 and 7 per cent for 2021 from its initial forecast of between 4 and 6 per cent. For retail services, the sector grew 50.7 per cent year-on-year in the second quarter of 2021, due primarily to the low base from a year ago when sales were significantly lower because of the circuit breaker measures. The information and communications sector also expanded, by 9.6 per cent year-on-year in the second quarter of 2021 from 6.8 per cent growth in the previous quarter.

While Singapore's economic growth remains largely on track with the successful rollout of the COVID-19 vaccine, recovery could be derailed if new and more contagious virus variants emerge and if the existing vaccines efficacy is reduced. For regional economies which have had slow vaccination rollouts, a more severe and protracted period of slowdown is expected if infection cases continue to surge. In addition, the gradual tapering of governmental support, Inflation risks and rising costs, could exert pressure on, and impact consumer sentiments. On account of the uncertainties in the domestic and regional economies, the Group maintains a cautious outlook for FY2021. In spite of the fluidity and challenges in our operating environment, we remain confident of our ability to withstand the headwinds given our strong balance sheet, healthy cash position and order book backlog. Our divisions are on track with their transformation initiatives as they reposition themselves to take advantage of growth areas in the consumer and enterprise sectors.

PCS Division, leveraging on its strengths and track record in distribution, fulfilment and retail managed services, has expanded its product portfolio beyond mobile handsets and accessories to include innovative lifestyle and healthcare wearables to capture the growing consumer shift towards personal care and well-being. It will also expand its e-commerce channel in line with the irreversible shift to online shopping.

ICT Division which was impacted by customer lower capex spending and delayed project tendering and awards, may benefit from the rebound in business activities, digitisation acceleration and the resumption of projects as Singapore implements its COVID-19 pandemic exit strategy. The division's entry into higher margin cloud-based services with its IoT capabilities in unified communications, call centre solutions and smart building management and maintenance applications, will provide new revenue streams and will enable it to better meet customers' migration to more cost-efficient cloud solutions. Although Engineering Division is operating under very demanding conditions regionally, it is making good headway in markets like the Philippines where it narrowed its losses on the back of new higher margin projects. On a longer horizon, 5G network rollout, continued network upgrading and ongoing telecommunications infrastructural needs will provide sound prospects for the division.

While pursuing growth, the Group will continue to take steps to improve our operational efficiencies and further strengthen our balance sheet and liquidity to fund growth and to deliver shareholder return.

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) Books closure 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	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	
	1H2021	**1H2020**
Transactions for the sales of goods and services Temasek Holdings (Private) Limited and its Associates	12.6	16.6
Transactions for the purchases of goods and services Temasek Holdings (Private) Limited and its Associates	6.9	9.0
Total Interested Person Transactions	**19.5**	**25.6**

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).

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 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President and CEO

Date: 14 August 2021