



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 31 MAR 2006

1(a)(i) STATEMENT OF PROFIT AND LOSS FOR THE 1ST QUARTER ENDED 31 MAR 2006

In S\$'000	1Q06	1Q05	+/- %
Revenue	105,926	125,264	-15.4%
Cost of sales	(96,394)	(115,186)	-16.3%
Gross profit	9,532	10,078	-5.4%
<i>Gross Margin %</i>	9.0%	8.0%	1.0%
Other income	728	114	538.6%
Sales and marketing expenses	(2,021)	(2,021)	0.0%
Administrative expenses	(3,056)	(3,188)	-4.1%
Other expenses	(195)	144	-235.4%
Share of profit of jointly-controlled entity	32	98	-67.3%
Profit before taxation	5,020	5,225	-3.9%
<i>% of revenue</i>	4.7%	4.2%	0.5%
Taxation	(1,167)	(1,036)	12.6%
Profit for the year	3,853	4,189	-8.0%
Attributable to:			
Equity holders of the parent	4,016	4,212	-4.7%
<i>% of revenue</i>	3.8%	3.4%	0.4%
Minority interests	(163)	(23)	608.7%
Profit for the year	3,853	4,189	-8.0%

No. of shares 445,302 442,000

Earnings per share (cents)

Basic	0.90	0.95
Diluted	0.90	0.95

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

In S\$'000s	1Q06	1Q05	+/- %
Staff costs (see Note 1)	4,235	3,884	9.0%
Value of employee services received for issue of share option, included in staff costs	39	164	-76.2%
Directors' remuneration included in staff costs	226	219	3.2%
Depreciation of property, plant and equipment	311	281	10.7%
Amortisation of intangible assets (see Note 2)	139	32	334.4%
Exchange loss/(gain) (see Note 3)	100	(144)	-169.4%
Other income comprises:			
Service income (see Note 4)	301	37	713.5%
Interest income			
-banks	153	77	98.7%
Others (see Note 5)	274	0	100.0%
	728	114	538.6%

Note:

- (1) Staff cost increase is attributable to the consolidation of Planet Telecoms (S) Pte Ltd's financials with effect from 4Q05. The increase has been partially offset by reduction in staff costs following from the discontinuation of Distribution Services operations in Australia.
- (2) Amortisation of intangible assets increased mainly from amortization on retail business infrastructure, attributable to the consolidation of Planet Telecoms (S) Pte Ltd's financials with effect from 4Q05.
- (3) The exchange loss and gain recognized under "Other expenses" in 1Q06 and 1Q05 is attributable to the revaluation of the loans extend by the parent company to its subsidiaries. The loans were mainly denominated in USD (US dollar) and AUD (Australian dollar).
- (4) "Service income" includes new income from wireless application services.
- (5) The increase in "Other income" is attributable to the consolidation of Planet Telecoms (S) Pte Ltd's financials with effect from 4Q05.



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

1(b)(i) BALANCE SHEET

In S\$'000	Group		Company	
	31/03/2006	31/12/2005	31/03/2006	31/12/2005
<u>Non-current assets</u>				
Subsidiaries	0	0	22,265	21,425
Jointly-controlled entities	1,467	1,371	955	0
Property, plant and equipment	2,741	2,792	425	454
Intangible assets	1,229	689	0	0
Deferred tax assets	451	425	117	92
	5,888	5,277	23,762	21,971
<u>Current Assets</u>				
Inventories	25,620	18,896	16,638	9,640
Work-in-progress	4,128	2,537	0	0
Trade and other receivables	44,125	54,999	21,376	27,227
Cash and cash equivalent	46,472	44,626	20,421	17,622
	120,345	121,058	58,435	54,489
Total Assets	126,233	126,335	82,197	76,460
<u>Equity attributable to equity holders of the parent</u>				
Share Capital	19,541	8,906	19,541	8,906
Other Reserves	16,377	26,589	13,600	24,107
Accumulated profits	23,376	19,360	24,048	21,557
	59,294	54,855	57,189	54,570
Minority Interest	159	494	0	0
Total equity	59,453	55,349	57,189	54,570
<u>Non current liabilities</u>				
Deferred tax liabilities	209	209	0	0
<u>Current Liabilities</u>				
Trade and other payables	59,162	64,346	21,990	19,520
Provision for warranties	694	745	379	398
Current tax payable	5,621	4,458	2,639	1,972
Deferred income	1,094	1,228	0	0
	66,571	70,777	25,008	21,890
Total liabilities	66,780	70,986	25,008	21,890
Total equity and liabilities	126,233	126,335	82,197	76,460

The decrease in total assets as at 31 Mar 2006 was mainly attributable to decrease in trade and other receivables, offset by the increase in net intangible assets recognized as a result of acquisition of additional interest in a subsidiary (Planet Telecoms (S) Pte Ltd), increase in inventories and work in progress. Total liabilities decreased mainly due to the settlement of trade payables.



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

1(b)(ii) GROUP BORROWING

Amount repayable in one year or less, or on demand
NIL

Amount repayable after one year
NIL

Details of any collateral
NIL

1(c) CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED 31 MAR 2006

In S\$'000	1Q06	1Q05
Cash Flows From Operating Activities		
Profit before taxation	5,020	5,225
Adjustments for:		
Accretion of deferred income	(134)	(1,317)
Amortisation of intangible assets	139	32
Depreciation of property, plant and equipment	312	281
Interest income	(153)	(77)
Negative goodwill recognized upon acquisition of additional interest in subsidiary	(11)	0
Provision for warranties	68	87
Share of profits of jointly-controlled entity	(32)	(98)
Value of employees services received for issue of share options	39	164
Operating profit before working capital changes	5,248	4,297
Changes in working capital:	(2,494)	(5,894)
Cash generated from operations	2,754	(1,597)
Income tax paid	(32)	(33)
Interest received	137	76
Cash flows from operating activities	2,859	(1,554)
Cash Flows From Investing Activities		
Acquisition of additional equity interest in subsidiary	(840)	0
Purchase of intangible assets	0	(17)
Purchase of property, plant and equipment	(287)	(561)
Cash flows from investing activities	(1,127)	(578)
Cash Flows From Financing Activities		
Balances with related corporations (non-trade)	(134)	1,753
Proceeds from issue of shares under Pre-IPO Share Option Scheme	112	0
Cash flows from financing activities	(22)	1,753
Net Increase In Cash And Cash Equivalents	1,710	(379)
Cash And Cash Equivalents At beginning of Period	44,626	29,300
Effect of exchange rate differences on balances held in foreign currency	136	(6)
Cash And Cash Equivalents At End of Period	46,472	28,915



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

Cash flows from operating activities

In 1Q06, there was an improvement of \$4.4 M in cash flow from operating activities, mainly from positive changes in working capital. The positive changes in working capital were mainly attributable to reduction in receivables, offset by increase in inventories, work in progress and payment to suppliers.

Cash flows from investing activities

Net cash outflow was higher in 1Q06 compared to 1Q05, mainly due to the acquisition of an additional 30% equity interest in Planet Telecoms (S) Pte Ltd.

Net cash flow from financing activities

The cash inflow of \$1.8 M in 1Q05 was mainly from withdrawal of short term fixed deposits placed with a related corporation. In 1Q06, there were no fixed deposits placed with related corporations.



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MAR 2006

In S\$'000 Group	Share capital	Accumulated profits	Share premium	Merger reserve	Goodwill written off	Share option reserve	Exchange translation reserve	Total attributable to equity holders of the parent	Minority interest	Total equity
At 31 Dec 2004, as previously reported	8,840	10,862	9,905	17,591	(2,105)	0	(11)	45,082	317	45,399
Effects of adopting FRS 102	0	(877)	0	0	0	877	0	0	0	0
At 31 Dec 2004, restated	8,840	9,985	9,905	17,591	(2,105)	877	(11)	45,082	317	45,399
Effects of adopting FRS 103		97	0	0	0	0	0	97	0	97
At 1 Jan 2005, restated (see Note 1 below)	8,840	10,082	9,905	17,591	(2,105)	877	(11)	45,179	317	45,496
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	0	(33)	(33)	(2)	(35)
Net losses recognised directly in equity	0	0	0	0	0	0	(33)	(33)	(2)	(35)
Profit for the year	0	4,212	0	0	0	0	0	4,212	(23)	4,189
Total recognised income and expense for the period	0	4,212	0	0	0	0	(33)	4,179	(25)	4,154
Value of employee services received for issue of share option	0	0	0	0	0	164	0	164	0	164
As at 31 Mar 2005, restated (see Note 1 below)	8,840	14,294	9,905	17,591	(2,105)	1,041	(44)	49,522	292	49,814

Note 1: As previously reported in 1Q05 results announcement dated 9 May 2005.



TELECHOICE INTERNATIONAL LIMITED

(REG. NO. 199802072R)

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MAR 2006

In S\$'000	Share capital	Accumulated profits	Share premium	Merger reserve	Goodwill written off	Share option reserve	Exchange translation reserve	Total attributable to equity holders of the parent	Minority interest	Total equity
Group										
At 1 Jan 2006	8,906	19,360	10,523	17,591	(2,105)	683	(103)	54,855	494	55,349
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	0	272	272		272
Net income recognised directly in equity	0	0	0	0	0	0	272	272	0	272
Profit for the period	0	4,016	0	0	0	0	0	4,016	(163)	3,853
Total recognised income and expense for the period	0	4,016	0	0	0	0	272	4,288	(163)	4,125
Acquisition of additional interest in subsidiary	0	0	0	0	0	0	0	0	(172)	(172)
Issues of 537,000 ordinary shares under share option scheme	112	0	0	0	0	0	0	112	0	112
Transfer share premium to share capital (see Note 1 below)	10,523	0	(10,523)	0	0	0	0	0	0	0
Value of employee services received for issue of share option	0	0	0	0	0	39	0	39	0	39
At 31 Mar 2006	19,541	23,376	0	17,591	(2,105)	722	169	59,294	159	59,453

Note 1: Pursuant to the Companies (Amendment) Act wef 30 Jan 2006, the concept of authorized share capital was abolished, ordinary shares of the Company have no par value and amounts outstanding to the credit of the Company's share premium account became part of the Company's share capital



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MAR 2006

In S\$'000 Company	Share capital	Accumulated profits	Share premium	Merger reserve	Goodwill written off	Share option reserve	Exchange translation reserve	Total equity
At 31 Dec 2004, as previously reported	8,840	11,698	9,905	13,300	0	0	0	43,743
Effects of adopting FRS 102	0	(272)	0	0	0	272	0	0
At 1 Jan 2005, restated (see Note 1 below)	8,840	11,426	9,905	13,300	0	272	0	43,743
Profit for the year	0	2,587	0	0	0	0	0	2,587
Total recognised income for the period	0	2,587	0	0	0	0	0	2,587
Value of employee services received for issue of share option	0	0	0	0	0	71	0	71
As at 31 Mar 2005, restated (see Note 1 below)	8,840	14,013	9,905	13,300	0	343	0	46,401
At 1 Jan 2006	8,906	21,557	10,523	13,300	0	284	0	54,570
Profit for the period	0	2,491	0	0	0	0	0	2,491
Total recognised income for the period	0	2,491	0	0	0	0	0	2,491
Issues of 537,000 ordinary shares under share option scheme	112	0	0	0	0	0	0	112
Transfer share premium to share capital (see Note 2 below)	10,523	0	(10,523)	0	0	0	0	0
Value of employee services received for issue of share option	0	0	0	0	0	16	0	16
At 31 Mar 2006	19,541	24,048	0	13,300	0	300	0	57,189

Note 1: As previously reported in 1Q05 results announcement dated 9 May 2005.

Note 2: Pursuant to the Companies (Amendment) Act wef 30 Jan 2006, the concept of authorized share capital was abolished, ordinary shares of the Company have no par value and amounts outstanding to the credit of the Company's share premium account became part of the Company's share capital



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

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

A) Movements in Issued and Paid up Capital

	No of ordinary shares	Issued and paid up Capital
Balance as at 1 Jan 2006	445,290,500	\$'000 8, 906
Transfer share premium to share capital (see Note 1 below)	0	10,523
Issues of ordinary shares under share option scheme	537,000	112
Balance as at 31 Mar 2006	445,827,500	19,541

Note 1: Pursuant to the Companies (Amendment) Act wef 30 Jan 2006, the concept of authorized share capital was abolished, ordinary shares of the Company will have no par value and the amount outstanding to the credit of the Company's share premium account became part of the Company's share capital

B) Employee Share Options

As at 31 Mar 2006, there were unexercised options of 13,435,000 (31 Mar 2005: 19,100,000) unissued ordinary shares of \$0.2079 each under the TeleChoice Pre-IPO Share Option Scheme.

2. AUDIT

The figures have not been audited or reviewed by the company's auditor.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

Accounting policies and method of computation used in the preparation of the financial statements are consistent with those used in the annual report for the financial year ended 31 Dec 2005.

5. CHANGES IN ACCOUNTING POLICIES

Not Applicable

6. EARNINGS PER ORDINARY SHARE (EPS)

Group **1Q06** **1Q05** **FY05**

Based on weighted average number of ordinary shares on issue (in cents)

Basic	0.90	0.95	3.98
Diluted	0.90	0.95	3.97



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(REG. NO. 199802072R)

7. NET ASSET VALUE

	GROUP		
	1Q06	1Q05	FY05
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	13.30	11.20	12.32

	COMPANY		
	1Q06	1Q05	FY05
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	12.83	10.50	12.25

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

S\$ M s	1Q06	1Q05	Growth	
			\$	%
Distribution Services	93.3	113.0	(19.7)	-17%
Telecommunications Services	6.7	6.6	0.1	2%
Network Engineering Services	5.9	5.7	0.2	4%
Total	105.9	125.3	(19.4)	-15%

- The increase in Distribution Services revenue for Singapore and Thailand of \$10.6 M or 17% was offset by decrease in revenue from the scale-down of operations in Australia and Indonesia. This resulted in an overall decrease in Distribution Services revenue by \$19.7 M or 17%.
- Telecommunications Services revenue increased by \$0.1 M or 2% mainly from the re-alignment of mobile data services revenue into Telecommunications Services from Jan 2006.
- Projects from major telecommunication operators in Singapore contributed to a net increase in revenue for Network Engineering Services of \$2.2 M or 59%. This was offset by the re-alignment of mobile data services revenue of \$2.0 M under Telecommunications Services from Jan 2006.



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(REG. NO. 199802072R)

B) PBT

S\$ M s	1Q06	1Q05	Growth	
			\$	%
Distribution Services	2.6	2.5	0.1	4%
Telecommunications Services	2.1	1.4	0.7	50%
Network Engineering Services	0.3	1.3	(1.0)	-77%
Total	5.0	5.2	(0.2)	-4%

- PBT for Distribution Services increased by 4% or \$0.1 M. The improvements were from reduction of losses in Australia and Indonesia.
- The 50% or \$0.7 M increase in PBT for Telecommunications Services was mainly from the re-alignment of mobile data services business under Telecommunications Services from Jan 2006.
- The decrease in PBT for Network Engineering Services by 77% or \$1.0 M was mainly from the re-alignment of mobile data services business under Telecommunications Services from Jan 2006.

9. VARIANCE FROM PROSPECT STATEMENT

No material variances from previous statement.

10. PROSPECTS

Barring unforeseen circumstances, the Group expects the business outlook to remain positive. Overall, the Group expects to maintain its operating performance for FY2006.

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

N/A



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

(d) Books closure date

N/A

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

N/A

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

S\$ M s	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX listing manual	
	1Q06	1Q05
<u>Transactions for the sales of goods and services</u>	43.7	34.0
Temasek Holdings (Private) Limited and its Associates	43.7	33.4
Singapore Telecommunications Limited and its Associates	0	0.6
<u>Transactions for the purchases of goods and services</u>	3.0	1.6
Temasek Holdings (Private) Limited and its Associates	2.2	0.6
Singapore Telecommunications Limited and its Associates	0.8	1.0
<u>Treasury Transactions</u>	0	0
Temasek Holdings (Private) Limited and its Associates	0	0
Total Interested Person Transactions	46.7	35.6

Note: All transactions are conducted under the shareholders' mandate pursuant to Rule 920.

BY ORDER OF THE BOARD

Clive Lim Chai Hock
President & Executive Director

Date: 5 May 2006