



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 31 MARCH 2012

1(a)(i) INCOME STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2012

In S\$'000	1Q2012	1Q2011	+/- %
Revenue	101,989	93,959	8.5%
Cost of sales	(91,891)	(82,824)	10.9%
Gross profit	10,098	11,135	-9.3%
Gross Margin %	9.9%	11.9%	-2.0 ppt
Other income (Note 1)	320	150	113.3%
Selling and marketing expenses (Note 2)	(2,663)	(2,701)	-1.4%
Administrative expenses (Note 3)	(4,837)	(4,010)	20.6%
Other expenses (Note 4)	(324)	(641)	-49.5%
Net finance (costs)/income (Note 5)	(92)	1	nm
Share of losses of jointly-controlled entity (net of tax)	(199)	(61)	-226.2%
Profit before income tax	2,303	3,873	-40.5%
<i>% of revenue</i>	<i>2.3%</i>	<i>4.1%</i>	<i>-1.8 ppt</i>
Income tax expense (Note 6)	(575)	(597)	-3.7%
Profit for the period	1,728	3,276	-47.3%
Attributable to:			
Equity holders of the Company	1,742	3,027	-42.4%
<i>% of revenue</i>	<i>1.7%</i>	<i>3.2%</i>	<i>-1.5 ppt</i>
Non-controlling interests	(14)	249	-105.6%
	1,728	3,276	-47.3%
No. of shares (in '000)	453,648	453,223	
Earnings per share (in cents)			
Basic	0.38	0.67	
Diluted	0.38	0.67	

STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED 31 MARCH 2012

Profit for the period	1,728	3,276	-47.3%
Translation difference relating to financial statements of foreign subsidiaries	(153)	178	-186.0%
Exchange differences on monetary items forming part of net investment in a foreign operation	(242)	(59)	-310.2%
Total comprehensive income for the period	1,333	3,395	-60.7%
Attributable to:			
Equity holders of the Company	1,345	3,146	-57.2%
Non-controlling interests	(12)	249	-104.8%
Total comprehensive income for the period	1,333	3,395	-60.7%

nm - not meaningful



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

In S\$'000	1Q2012	1Q2011	+/- %
Staff costs (Note 7)	9,505	8,567	10.9%
Directors' remuneration	96	98	-2.0%
Depreciation of property, plant and equipment	372	362	2.8%
Amortisation of intangible assets	364	380	-4.2%
Provision for bad debts	14	10	40.0%
Exchange loss (Note 8)	13	130	-90.0%

Notes:

- (1) Other income comprises of rental and management services income. The increase was partly due to the consolidation of NxGen Communications Pte Ltd ("**NxGen**") which was acquired on 1 November 2011. It also includes a one-off recovery of the final considerations paid in December 2011 from the vendor for the acquisition of S & I Systems Pte Ltd ("**S&I**").
- (2) Lower selling and marketing expenses were due to lower sales commissions resulting from lower ICT revenue. This was offset by the consolidation of NxGen expenses.
- (3) Higher administrative expenses were attributed to higher payroll cost and the consolidation of NxGen expenses.
- (4) Lower other expenses in 1Q2012 were from lower exchange losses. In 1Q2011, there was also loss from disposal of a subsidiary in Thailand.
- (5) Interest expense in 1Q2012 was higher than 1Q2011 due to the interest accretion from discounting long term accrued contingent consideration payable for the acquisition of NxGen as well as higher borrowings by Engineering to fund new projects.
- (6) The effective income tax rate in 1Q2012 was higher than 1Q2011. This was mainly due to higher profit from oversea entities that has higher statutory tax rates. The lower tax expense in 1Q2011 was partly due to utilization of tax losses brought forward from previous years.
- (7) Higher staff costs in 1Q2012 was mainly attributable to NxGen.
- (8) Exchange loss arose mainly from cash balances, trade balances and work-in-progress denominated in USD and Ringgit.



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

In S\$'000	Group		Company	
	31/03/2012	31/12/2011	31/03/2012	31/12/2011
<u>Non-current assets</u>				
Subsidiaries	-	-	36,052	37,018
Jointly-controlled entity	839	1,062	955	955
Property, plant and equipment	2,646	2,918	111	118
Intangible assets	17,611	17,953	-	-
Deferred tax assets	553	549	155	155
Unbilled receivables	161	295	-	-
	21,810	22,777	37,273	38,246
<u>Current Assets</u>				
Inventories	25,802	21,958	20,499	13,940
Work-in-progress	16,409	15,038	-	-
Trade and other receivables	67,347	79,745	26,755	27,429
Cash and cash equivalents	28,457	30,874	9,867	11,064
	138,015	147,615	57,121	52,433
Total Assets	159,825	170,392	94,394	90,679
<u>Equity</u>				
Share Capital	21,840	21,840	21,840	21,840
Other Reserves	13,479	13,919	13,481	13,524
Accumulated profits	38,280	36,538	23,293	22,225
Equity attributable to equity holders of the Company	73,599	72,297	58,614	57,589
Non-controlling interests	1,421	1,433	-	-
Total equity	75,020	73,730	58,614	57,589
<u>Non-current liabilities</u>				
Deferred tax liabilities	1,212	1,224	-	-
Accrued contingent consideration	5,515	5,444	5,515	5,444
	6,727	6,668	5,515	5,444
<u>Current Liabilities</u>				
Bank overdraft	110	385	-	-
Trade and other payables	61,524	65,864	29,401	24,954
Provision for warranties	221	275	23	74
Current tax payable	2,441	1,887	841	618
Financial liabilities	9,459	16,183	-	2,000
Deferred income	4,323	5,400	-	-
	78,078	89,994	30,265	27,646
Total liabilities	84,805	96,662	35,780	33,090
Total equity and liabilities	159,825	170,392	94,394	90,679

Group total assets decreased by \$10.6M due to: (i) lower non-current assets as a result of depreciation and amortization of intangible assets and share of losses of jointly controlled entity during the period, (ii) lower current assets from higher collections of trade receivables offset by higher inventories and WIP.

Group current liabilities decreased by \$11.9M mainly due to lower payables and repayment of bank loans.



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1(b)(ii) GROUP BORROWING

In S\$'000	As at 31/03/2012	As at 31/12/2011
Amount repayable in one year or less		
Bank loan – unsecured	9,459	16,183
Bank overdraft	110	385
Amount repayable after one year		
Bank loan	-	-
Total	9,569	16,568

Details of any collateral

NIL



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1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2012

In S\$'000	1Q2012	1Q2011
Operating Activities		
Profit before income tax	2,303	3,873
Adjustments for:		
Amortisation of intangible assets	364	380
Depreciation of property, plant and equipment	372	362
Interest expense	173	77
Interest income	(81)	(78)
Gain on disposal of property, plant and equipment	(5)	-
Loss on disposal of a subsidiary	-	135
Provision for warranties	(49)	2
Share of profits of jointly-controlled entity	199	61
Share based payments expenses	82	78
Cash from operating profit before working capital changes	3,358	4,890
Changes in working capital	1,777	6,161
Cash generated from operations	5,135	11,051
Income tax paid	(119)	(381)
Net cash inflow from operating activities	5,016	10,670
Investing Activities		
Purchase of intangible assets	(21)	-
Purchase of property, plant and equipment	(152)	(100)
Proceed from disposal of property, plant and equipment	28	-
Interest received	7	78
Net cash outflow from investing activities	(138)	(22)
Cash Flows From Financing Activities		
Balances with related corporations (non-trade)	(50)	(423)
Interest paid	(102)	(77)
Proceeds from issue of shares under Pre-IPO Share Option Scheme	-	29
Purchase of treasury shares	(125)	(293)
Proceed from bank loans	6,595	2,471
Repayment of short term bank loans	(13,319)	(7,008)
Net cash outflow from financing activities	(7,001)	(5,301)
Net increase/(decrease) in cash and cash equivalents	(2,123)	5,347
Cash and cash equivalents at beginning of period	30,489	34,494
Effect of exchange rate differences on balances held in foreign currency	(19)	(21)
Cash and cash equivalents at end of period	28,347*	39,820

* Net of bank overdraft of \$110,000 as at 31 March 2012 from a subsidiary in Malaysia.

Cash flows from operating activities

Lower net cash inflow in 1Q2012 was mainly due to lower operating profit and lower positive change in working capital. Positive change in working capital in 1Q2012 was from lower receivables, offset by higher inventories, WIP and lower payables.

Cash flows from investing activities

Higher outflow in 1Q2012 mainly due to higher capex and lower interest income received.

Cash flow from financing activities

The higher cash outflow in 1Q2012 was mainly due to higher repayment in bank borrowings.



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MARCH 2012

In S\$'000	Share capital	Accumulated profits	Other reserves	Total attributable to equity holders of the Company	Non controlling interest	Total equity
GROUP						
At 1 January 2011	21,782	38,113	14,327	74,222	1,324	75,546
Total comprehensive income for the period	-	3,027	119	3,146	249	3,395
Issue of 137,500 ordinary shares under share option scheme at \$0.2079 per share	29	-	-	29	-	29
Share options exercised	6	-	(6)	-	-	-
Purchase of treasury shares	-	-	(293)	(293)	-	(293)
Share based payments expenses	-	-	78	78	-	78
At 31 March 2011	21,817	41,140	14,225	77,182	1,573	78,755
At 1 January 2012	21,840	36,538	13,919	72,297	1,433	73,730
Total comprehensive income for the period	-	1,742	(397)	1,345	(12)	1,333
Purchase of treasury shares	-	-	(125)	(125)	-	(125)
Share based payments expenses	-	-	82	82	-	82
At 31 March 2012	21,840	38,280	13,479	73,599	1,421	75,020
COMPANY						
At 1 January 2011	21,782	26,112	13,689	61,583	-	61,583
Total comprehensive income for the period	-	1,108	-	1,108	-	1,108
Issue of 137,500 ordinary shares under share option scheme at \$0.2079 per share	29	-	-	29	-	29
Share options exercised	6	-	(6)	-	-	-
Purchase of treasury shares	-	-	(293)	(293)	-	(293)
Share-based payments to employees of Company's subsidiaries	-	-	30	30	-	30
Share based payments expenses	-	-	48	48	-	48
At 31 March 2011	21,817	27,220	13,468	62,505	-	62,505
At 1 January 2012	21,840	22,225	13,524	57,589	-	57,589
Total comprehensive income for the period	-	1,068	-	1,068	-	1,068
Purchase of treasury shares	-	-	(125)	(125)	-	(125)
Share-based payments to employees of Company's subsidiaries	-	-	34	34	-	34
Share based payments expenses	-	-	48	48	-	48
At 31 March 2012	21,840	23,293	13,481	58,614	-	58,614



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

A) Share Capital

As at 31 March 2012, the share capital of the Company amounted to \$21.840 million comprising 453,335,087 issued ordinary shares excluding treasury shares. (31 March 2011: 452,574,500 ordinary shares excluding treasury shares, 31 December 2011: 453,835,087 ordinary shares excluding treasury shares).

For the quarter ended 31 March 2012, there was no issuance of new ordinary shares.

B) Employee Share Options

As at 31 March 2012, there were unexercised options of 580,500 (31 March 2011: 670,500) unissued ordinary shares of \$0.2079 each under The TeleChoice Pre-IPO Share Option Scheme.

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

As at 31 March 2012, the number of outstanding shares granted under the Company's RSP and PSP were 3,477,032 (31 March 2011: 1,878,000) and 2,458,000 (31 March 2011: 2,850,000) respectively.

D) Treasury Shares

During the quarter ended 31 March 2012, a total of 500,000 ordinary were repurchased from the market at a total consideration of \$125,167. After the purchase, there were 506,913 treasury shares held as at 31 March 2012 (31 March 2011: 1,177,500), representing approximately 0.11% of the total issued share capital of the Company.

2. AUDIT

The results have not been audited nor reviewed by 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 2011.

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 2012. 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)

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

Group	1Q2012	1Q2011	FY2011
Basic	0.38	0.67	1.45
Diluted	0.38	0.67	1.45

7. NET ASSET VALUE

	GROUP		COMPANY	
	31/3/2012	31/12/2011	31/3/2012	31/12/2011
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	16.23	15.93	12.93	12.69

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

S\$M	1Q2012	1Q2011	Growth	
			\$	%
Personal Communications Solutions Services (PCS)	69.8	58.9	10.9	19%
Info-Comm Technology Services (ICT)	22.3	26.8	(4.5)	(17%)
Network Engineering Services (Engineering)	9.9	8.3	1.6	19%
Total	102.0	94.0	8.0	9%

- **PCS** – Revenue increased by \$10.9M or 19% mainly from a major customer in Singapore from strong demand of the Samsung handsets. This was offset by lower regional sales, lower local channel & retails sales. Prepaid card sales were also lower in 1Q2012 due to the restriction to distribute within allocated zones.
- **ICT** – Revenue decreased by \$4.5M or 17%. There was 5 months of revenue from S&I included in 1Q2011, fewer large projects delivered by S&I in 1Q2012 and lower iDD usage attributable to the intense competitive environment. This was mitigated by the consolidation of revenue from NxGen and higher revenue from enterprise solutions services.
- **Engineering** – Overall revenue increased by \$1.6M or 19% from Radio Network Planning projects, power supply projects and products sales in Indonesia. These were offset by lower transmission equipment sales in Singapore.



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B) PBT

S\$M	1Q2012	1Q2011	Growth	
			\$	%
Personal Communications Solutions Services (PCS)	1.5	1.7	(0.2)	(12%)
Info-Comm Technology Services (ICT)	0.2	1.6	(1.4)	(88%)
Network Engineering Services (Engineering)	0.6	0.6	-	-
Total	2.3	3.9	(1.6)	(41%)

- **PCS** - PBT decreased by \$0.2M or 12% due to lower retainer fee for services provided in Malaysia. There was also lower margin attributed to competitive pricing for handsets and prepaid cards sales.
- **ICT** - The \$1.4M reduction in PBT as compared to 1Q2011 was mainly attributed to S&I due to lower revenue and gross margins from projects recognized. There was also higher share of losses from a jointly controlled entity and negative contribution from NxGen after taking into account the amortisation of intangible assets.
- **Engineering** – PBT remained at \$0.6M as in the same quarter last year. Higher contribution from Indonesia and Malaysia operations were offset by losses in Singapore. There was also lower exchange loss.

9. VARIANCE FROM PROSPECT STATEMENT

No material variances from previous statement.

10. PROSPECTS

Based on the current outlook and barring any unforeseen circumstances, the Group expects 1H2012 operating performance to be lower than the same period last year. However, 2H2012 operating performance is expected to be better than 1H2012 and overall FY2012 operating performance to maintain at last year's level.

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.



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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

(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)

In S\$M	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	1Q2012	1Q2011
<u>Transactions for the sales of goods and services</u>		
Temasek Holdings (Private) Limited and its Associates	39.6	20.0
<u>Transactions for the purchases of goods and services</u>		
Temasek Holdings (Private) Limited and its Associates	16.9	11.0
Total Interested Person Transactions	56.5	31.0

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 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 first quarter ended 31 March 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Andrew Loh Sur Jin
President

Date: 15 May 2012