



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

**PART I - UNAUDITED RESULTS FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2013**

**1(a)(i) INCOME STATEMENT FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2013**

In S\$'000	1Q2013	1Q2012	+/- %
Revenue	116,813	101,989	14.5%
Cost of sales	(107,628)	(91,891)	17.1%
<b>Gross profit</b>	<b>9,185</b>	<b>10,098</b>	-9.0%
Gross Margin %	7.9%	9.9%	-2.0 ppt
Other income (Note 1)	156	320	-51.3%
Selling and marketing expenses	(2,655)	(2,663)	-0.3%
Administrative expenses (Note 2)	(4,568)	(4,837)	-5.6%
Other expenses (Note 3)	(243)	(324)	-25.0%
Net finance costs (Note 4)	(273)	(92)	196.7%
Share of losses of a jointly-controlled entity (net of tax)	-	(199)	nm
<b>Profit before income tax</b>	<b>1,602</b>	<b>2,303</b>	-30.4%
<i>% of revenue</i>	<i>1.4%</i>	<i>2.3%</i>	<i>-0.9 ppt</i>
Income tax expense (Note 5)	(499)	(575)	-13.2%
<b>Profit for the period</b>	<b>1,103</b>	<b>1,728</b>	-36.2%
Attributable to:			
<b>Equity holders of the Company</b>	<b>1,160</b>	<b>1,742</b>	-33.4%
<i>% of revenue</i>	<i>1.0%</i>	<i>1.7%</i>	<i>-0.7 ppt</i>
Non-controlling interests	(57)	(14)	307.1%
	1,103	1,728	-36.2%
No. of shares (in '000)	453,811	453,648	
<b>Earnings per share (in cents)</b>			
Basic	0.26	0.38	
Diluted	0.26	0.38	

**STATEMENT OF COMPREHENSIVE INCOME FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2013**

In S\$'000	1Q2013	1Q2012	+/- %
<b>Profit for the period</b>	<b>1,103</b>	<b>1,728</b>	-36.2%
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Translation differences relating to financial statements of foreign subsidiaries	275	(153)	nm
Foreign currency translation differences on disposal of foreign subsidiaries reclassified to profit or loss	(24)	-	nm
Exchange differences on monetary items forming part of net investment in a foreign operations	120	(242)	nm
<b>Total comprehensive income for the period</b>	<b>1,474</b>	<b>1,333</b>	<b>10.6%</b>
Attributable to:			
Equity holders of the Company	1,539	1,345	14.4%
Non-controlling interests	(65)	(12)	441.7%
<b>Total comprehensive income for the period</b>	<b>1,474</b>	<b>1,333</b>	<b>10.6%</b>

nm - not meaningful



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

In S\$'000	1Q2013	1Q2012	+/- %
Staff costs (Note 6)	10,244	9,801	4.5%
Directors' remuneration	98	96	2.1%
Depreciation of property, plant and equipment (Note 7)	406	372	9.1%
Amortisation of intangible assets	368	364	1.1%
(Reversal)/Provision for bad debts (Note 8)	(31)	14	nm
Exchange (gain)/loss (Note 9)	(59)	13	nm

Notes:

- (1) Higher other income in 1Q2012 from 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 administrative expenses in 1Q2013 were from lower payroll cost and reclassification of 1Q2013 payroll cost in NxGen Communications Pte Ltd ("**NxGen**") to cost of sales.
- (3) Lower other expenses in 1Q2013 were due to exchange gain against exchange loss in 1Q2012. There was also gain from disposal of subsidiaries in Malaysia and Philippines.
- (4) Higher interest expense in 1Q2013 was due to higher borrowings in Rupiah by Engineering to fund projects in Indonesia and a \$10M 3-year term loan. These were offset by lower interest accretion income from discounting long term receivables.
- (5) The effective tax rate in 1Q2013 was higher with higher profit contribution from overseas entities that have higher statutory tax rates.
- (6) Higher staff costs in 1Q2013 were mainly attributable to new headcount to support the retail management services in Malaysia and Engineering projects in Indonesia.
- (7) Higher depreciation in 1Q2013 was due to additional capital expenditure on computers and systems upgrades.
- (8) Write-back in 1Q2013 was attributed to ICT. The provision in 1Q2012 was attributed to PCS and ICT.
- (9) Exchange gain arose mainly from cash balances denominated in USD. This was mitigated by exchange losses from intercompany loans denominated in SGD provided to subsidiaries in Indonesia and Malaysia.



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

In S\$'000	Group		Company	
	31/03/2013	31/12/2012	31/03/2013	31/12/2012
<b>Non-current assets</b> (Note 1)				
Subsidiaries	-	-	36,539	36,516
Jointly-controlled entity	-	-	-	-
Property, plant and equipment	2,690	2,851	208	193
Intangible assets	16,106	16,402	201	212
Deferred tax assets	662	654	119	119
Other receivables	1,091	1,394	-	-
	<b>20,549</b>	<b>21,301</b>	<b>37,067</b>	<b>37,040</b>
<b>Current assets</b> (Note 2)				
Inventories	19,848	17,483	9,848	6,079
Work-in-progress	23,406	21,758	-	-
Trade and other receivables	70,004	64,691	33,400	27,532
Cash and cash equivalents	39,276	51,572	24,637	29,493
	<b>152,534</b>	<b>155,504</b>	<b>67,885</b>	<b>63,104</b>
<b>Total assets</b>	<b>173,083</b>	<b>176,805</b>	<b>104,952</b>	<b>100,144</b>
<b>Equity</b>				
Share capital	21,840	21,840	21,840	21,840
Other reserves	12,481	12,048	13,566	13,512
Accumulated profits	37,418	37,516	19,826	19,453
<b>Equity attributable to equity holders of the Company</b>	<b>71,739</b>	<b>71,404</b>	<b>55,232</b>	<b>54,805</b>
Non-controlling interests	257	1,297	-	-
<b>Total equity</b>	<b>71,996</b>	<b>72,701</b>	<b>55,232</b>	<b>54,805</b>
<b>Non-current liabilities</b> (Note 3)				
Deferred tax liabilities	776	828	-	-
Loans and borrowings	10,000	10,000	10,000	10,000
Other payables	5,807	7,225	5,807	5,732
	<b>16,583</b>	<b>18,053</b>	<b>15,807</b>	<b>15,732</b>
<b>Current liabilities</b> (Note 4)				
Trade and other payables	65,591	67,812	33,572	28,353
Provision for warranties	308	269	37	25
Current tax payable	1,536	1,116	304	229
Loans and borrowings	12,184	12,097	-	1,000
Deferred revenue	4,885	4,757	-	-
	<b>84,504</b>	<b>86,051</b>	<b>33,913</b>	<b>29,607</b>
<b>Total liabilities</b>	<b>101,087</b>	<b>104,104</b>	<b>49,720</b>	<b>45,339</b>
<b>Total equity and liabilities</b>	<b>173,083</b>	<b>176,805</b>	<b>104,952</b>	<b>100,144</b>

Notes:

- (1) Lower non-current assets by \$0.8M as a result of depreciation of property, plant and equipment, amortisation of intangible assets, and lower unbilled receivables.
- (2) Lower current assets by \$3.0M from lower cash balances offset by higher inventories, work-in-progress and trade receivables. Higher trade receivables were mainly from related corporations.
- (3) Lower non-current liabilities by \$1.5M due to payment of dividend to selling shareholders of NxGen Communications Pte Ltd.
- (4) Lower current liabilities by \$1.5M was due to lower trade payables. This was offset by a \$2.2M accrual of purchase consideration for the acquisition of the remaining 10% in S&I.



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

<b>In S\$'000</b>	<b>As at 31/03/2013</b>	<b>As at 31/12/2012</b>
<b>Amount repayable in one year or less</b>		
Bank loan – unsecured	12,184	12,097
<b>Amount repayable after one year</b>		
Bank loan - unsecured	10,000	10,000
Total	<hr/> 22,184 <hr/>	<hr/> 22,097 <hr/>

**Details of any collateral**

Nil



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**1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2013**

In S\$'000	1Q2013	1Q2012
<b>Operating Activities</b>		
Profit before income tax	1,602	2,303
Adjustments for:		
Amortisation of intangible assets	368	364
Depreciation of property, plant and equipment	406	372
Finance costs	280	173
Finance income	(7)	(81)
Gain on disposal of property, plant and equipment and intangible assets	(3)	(5)
Gain on disposal of subsidiaries	(24)	-
Provision for warranties	33	(49)
Share of losses of a jointly-controlled entity	-	199
Share-based payments expenses	54	82
Cash from operating profit before working capital changes	2,709	3,358
Changes in working capital	(13,563)	1,777
Cash generated from operations	(10,854)	5,135
Income tax paid	(130)	(119)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(10,984)</b>	<b>5,016</b>
<b>Investing Activities</b>		
Dividend paid to selling shareholders of a subsidiary	(1,438)	-
Purchase of intangible assets	(70)	(21)
Purchase of property, plant and equipment	(230)	(152)
Proceeds from disposal of property, plant and equipment	7	28
Interest received	7	7
<b>Net cash outflow from investing activities</b>	<b>(1,724)</b>	<b>(138)</b>
<b>Financing Activities</b>		
Balances with related corporations (non-trade)	464	(50)
Interest paid	(181)	(102)
Purchase of treasury shares	-	(125)
Proceeds from bank loans	6,823	6,595
Repayment of short term bank loans	(6,736)	(13,319)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>370</b>	<b>(7,001)</b>
Net decrease in cash and cash equivalents	(12,338)	(2,123)
Cash and cash equivalents at beginning of period	51,572	30,489
Effect of exchange rate changes on balances held in foreign currency	42	(19)
<b>Cash and cash equivalents at end of period</b>	<b>39,276</b>	<b>28,347 *</b>

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

Cash flows from operating activities

Higher net cash outflow in 1Q2013 as compared to the corresponding period last year was mainly due to lower profit and higher negative change in working capital in the current period. Higher negative change in working capital was from higher inventories, work-in-progress, receivables, and lower payables.

Cash flows from investing activities

Higher net cash outflow in 1Q2013 was mainly due to a \$1.4M dividend paid to the selling shareholders of NxGen as stipulated in the Sales and Purchase Agreement and higher capital expenditure.

Cash flow from financing activities

Net cash inflow in 1Q2013 compared to outflow in 1Q2012 was due to lower repayment of bank borrowings.



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**1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2013**

In S\$'000	Share capital	Accumulated profits	Other reserves	Total attributable to equity holders of the Company	Non controlling interests	Total equity
<b>GROUP</b>						
<b>At 1 January 2012</b>	<b>21,840</b>	<b>36,538</b>	<b>13,919</b>	<b>72,297</b>	<b>1,433</b>	<b>73,730</b>
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
<b>At 31 March 2012</b>	<b>21,840</b>	<b>38,280</b>	<b>13,479</b>	<b>73,599</b>	<b>1,421</b>	<b>75,020</b>
<b>At 1 January 2013</b>						
<b>At 1 January 2013</b>	<b>21,840</b>	<b>37,516</b>	<b>12,048</b>	<b>71,404</b>	<b>1,297</b>	<b>72,701</b>
Total comprehensive income for the period	-	1,160	379	1,539	(65)	1,474
Share-based payments expenses	-	-	54	54	-	54
Acquisition of non-controlling interests without a change in control	-	(1,258)	-	(1,258)	(975)	(2,233)
<b>At 31 March 2013</b>	<b>21,840</b>	<b>37,418</b>	<b>12,481</b>	<b>71,739</b>	<b>257</b>	<b>71,996</b>
<b>COMPANY</b>						
<b>At 1 January 2012</b>	<b>21,840</b>	<b>22,225</b>	<b>13,524</b>	<b>57,589</b>	<b>-</b>	<b>57,589</b>
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
<b>At 31 March 2012</b>	<b>21,840</b>	<b>23,293</b>	<b>13,481</b>	<b>58,614</b>	<b>-</b>	<b>58,614</b>
<b>At 1 January 2013</b>						
<b>At 1 January 2013</b>	<b>21,840</b>	<b>19,453</b>	<b>13,512</b>	<b>54,805</b>	<b>-</b>	<b>54,805</b>
Total comprehensive income for the period	-	373	-	373	-	373
Share-based payments to employees of Company's subsidiaries	-	-	23	23	-	23
Share-based payments expenses	-	-	31	31	-	31
<b>At 31 March 2013</b>	<b>21,840</b>	<b>19,826</b>	<b>13,566</b>	<b>55,232</b>	<b>-</b>	<b>55,232</b>



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

**A) Share Capital**

As at 31 March 2013, the share capital of the Company amounted to \$21.840 million comprising 453,811,410 issued ordinary shares excluding treasury shares. (31 March 2012: 453,335,087 ordinary shares excluding treasury shares; 31 December 2012 : 453,811,410 ordinary shares excluding treasury shares).

For the quarter ended 31 March 2013, there was no issuance of new ordinary shares.

**B) Employee Share Options**

As at 31 March 2013, there were unexercised options of 580,500 (31 March 2012: 580,500) 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 2013, the number of outstanding shares granted under the Company's RSP and PSP were 4,139,398 (31 March 2012: 3,477,032) and 2,081,000 (31 March 2012: 2,458,000) respectively.

**D) Treasury Shares**

During the quarter, the Company did not purchase any of its ordinary shares from the market. As at 31 March 2013, there were 30,590 (31 March 2012: 506,913) treasury shares representing approximately 0.007% 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 2012.

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 2013. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior periods.

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.



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

Group	1Q2013	1Q2012	FY2012
Basic	0.26	0.38	1.81
Diluted	0.26	0.38	1.81

**7. NET ASSET VALUE**

	GROUP		COMPANY	
	31/03/2013	31/12/2012	31/03/2013	31/12/2012
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	15.81	15.73	12.17	12.08

**8. REVIEW OF GROUP PERFORMANCE**

**A) Revenue**

S\$M	1Q2013	1Q2012	Growth	
			\$	%
Personal Communications Solutions Services ("PCS")	83.2	69.8	13.4	19%
Info-Comm Technology Services ("ICT")	20.6	22.3	(1.7)	(8%)
Network Engineering Services ("Engineering")	13.0	9.9	3.1	31%
Total	116.8	102.0	14.8	15%

- **PCS** – Revenue increased by \$13.4M in 1Q2013 from sales to a major Singapore customer, retail management services retainer fees and handset sales to a customer in Malaysia. These were offset by lower regional sales.
- **ICT** – Revenue decreased by \$1.7M in 1Q2013 mainly due to fewer projects delivered by S&I and NxGen, and lower iDD usage. These were mitigated by higher enterprise solutions and new services revenue.
- **Engineering** – Revenue increased by \$3.1M in 1Q2013 from power supply sales and Radio Network Planning projects in Indonesia, transmission equipment and product sales in Singapore, offset by lower In-building Coverage revenue in Malaysia.





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**B) PBT**

S\$M	1Q2013	1Q2012	Growth	
			\$	%
PCS	1.2	1.5	(0.3)	(20%)
ICT	(0.2)	0.2	(0.4)	(200%)
Engineering	0.6	0.6	-	-
Group PBT	1.6	2.3	(0.7)	(30%)

- **PCS** - PBT decreased by \$0.3M in 1Q2013 mainly due to rates reduction by a major customer in Singapore partially offset by the increased contribution from Malaysia operations.
- **ICT** – Losses of \$0.2M in 1Q2013 compared to PBT of \$0.2M was mainly due to lower revenue and gross margins.
- **Engineering** – PBT in 1Q2013 was maintained at \$0.6M mainly due to improvements in Singapore and Indonesia operations, offset by lower contribution from Malaysia operations.

**9. VARIANCE FROM PROSPECT STATEMENT**

There are no material variances between the prospect statement set out in the FY2012 announcement dated 22 February 2013 and the actual results for 1Q2013.

**10. PROSPECTS**

Based on the current outlook and barring any unforeseen circumstances, the Group expects 2Q2013 operating performance to be better than 1Q2013 with overall FY2013 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.*

**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.



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**12. If no dividend has been declared/recommended, a statement to that effect.**  
Not applicable.

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

In S\$M	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	1Q2013	1Q2012
<b><u>Transactions for the sales of goods and services</u></b>		
Temasek Holdings (Private) Limited and its Associates	61.7	39.6
<b><u>Transactions for the purchases of goods and services</u></b>		
Temasek Holdings (Private) Limited and its Associates	16.1	16.9
<b>Total Interested Person Transactions</b>	<b>77.8</b>	<b>56.5</b>

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

**14. Statement pursuant to Rule 705(5) of the SGX 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 2013 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Andrew Loh Sur Jin**  
**President**

Date: 14 May 2013