



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 31 MARCH 2016

1(a)(i) INCOME STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2016

In S\$'000	1Q2016	1Q2015	+/- %
Revenue	133,936	126,295	6.1%
Cost of sales	(124,911)	(117,144)	6.6%
Gross profit (Note 1a)	9,025	9,151	-1.4%
Gross margin % (Note 1b)	6.7%	7.2%	-0.5 ppt
Other income (Note 2)	419	295	42.0%
Selling and marketing expenses	(2,847)	(2,879)	-1.1%
Administrative expenses	(4,298)	(4,464)	-3.7%
Other expenses	(265)	(276)	-4.0%
Net finance costs (Note 3)	(179)	(156)	14.7%
Operating profit before income tax	1,855	1,671	11.0%
% of revenue	1.4%	1.3%	0.1 ppt
Loss on disposal of a joint venture (Note 4)	-	(409)	nm
Profit before income tax	1,855	1,262	47.0%
% of revenue	1.4%	1.0%	0.4 ppt
Income tax expense (Note 5)	(661)	(556)	18.9%
Profit for the period	1,194	706	69.1%
Attributable to:			
Equity holders of the Company	1,195	769	55.4%
% of revenue	0.9%	0.6%	0.3 ppt
Non-controlling interests	(1)	(63)	-98.4%
	1,194	706	69.1%
Weighted average number of shares (in '000)	454,422	454,421	
Earnings per share (in cents)			
Basic	0.26	0.17	
Diluted	0.26	0.17	

STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED 31 MARCH 2016

In S\$'000	1Q2016	1Q2015	+/- %
Profit for the period	1,194	706	69.1%
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Translation differences relating to financial statements of foreign subsidiaries	285	(207)	nm
Foreign currency translation differences on disposal of foreign joint venture reclassified to profit or loss	-	409	nm
Exchange differences on monetary items forming part of net investment in foreign operations	(78)	157	nm
Total comprehensive income for the period	1,401	1,065	31.5%
Attributable to:			
Equity holders of the Company	1,402	1,159	21.0%
Non-controlling interests	(1)	(94)	-98.9%
Total comprehensive income for the period	1,401	1,065	31.5%

nm - not meaningful

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

In S\$'000	1Q2016	1Q2015	+/- %
Staff costs	11,545	11,099	4.0%
Provision of directors' remuneration, included in staff costs (Note 6)	130	114	14.0%
Depreciation of property, plant and equipment (Note 7)	522	370	41.1%
Amortisation of intangible assets (Note 8)	149	385	(61.3%)
Provision for bad debts and bad debts written off (Note 9)	10	9	11.1%
Exchange loss/(gain) (Note 10)	193	(29)	nm
Write down of inventories to net realisable value (Note 11)	(386)	320	nm
Adjustments for under provision of tax in respect of prior years (Note 12)	28	-	nm

Notes:

- (1a) In 1Q2016, PCS and Engineering divisions reported lower gross profit against previous period.
- (1b) In 1Q2016, all business divisions reported lower gross margins against previous period.
- (2) Higher other income in 1Q2016 was from government grants for the wage credit scheme.
- (3) Higher net finance cost in 1Q2016 was mainly due to lower interest income.
- (4) Loss on disposal of a joint venture in 1Q2015 was related to the disposal of a foreign joint venture. The loss arose from reclassification of exchange reserve to income statement.
- (5) Higher income tax expense in 1Q2016 was due to higher profits.
- (6) Adjustment to directors' remuneration was due to a revision in line with benchmarking against comparable companies.
- (7) Higher depreciation of property, plant and equipment in 1Q2016 was mainly due to new capital expenditure incurred on testing equipment in 4Q2015 and motor vehicles in 1Q2016 for projects in Indonesia.
- (8) Lower amortisation in 1Q2016 was mainly due to the intangible assets of S & I Systems Pte Ltd ("S&I") having been fully amortised in 2015.
- (9) Higher provision for bad debts in 1Q2016 was attributed to ICT customers.
- (10) Net exchange loss in 1Q2016 arose mainly from USD receivables and bank balances due to the weakening of USD against SGD. Net exchange gain in 1Q2015 arose mainly from USD bank balances due to the strengthening of USD against SGD.
- (11) Reversal of inventories provision in 1Q2016 was due to mobile phones which have been sold.
- (12) Adjustments for the under provision of tax in 1Q2016 were due to the differences in final tax assessment and tax estimates made in prior year.



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

In S\$'000	Group		Company	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
<u>Non-current assets</u>				
Subsidiaries	-	-	37,593	37,559
Property, plant and equipment	4,155	3,703	593	661
Intangible assets	12,867	12,964	182	168
Deferred tax assets	1,040	1,022	-	-
Trade and other receivables	5,803	6,669	-	-
	23,865	24,358	38,368	38,388
<u>Current assets</u> (Note 1)				
Inventories	23,745	25,221	19,889	20,983
Work-in-progress	24,803	26,109	-	-
Trade and other receivables	76,479	73,599	35,701	24,923
Cash and cash equivalents	35,668	44,584	8,321	14,371
	160,695	169,513	63,911	60,277
Total assets	184,560	193,871	102,279	98,665
<u>Equity</u>				
Share capital	21,987	21,987	21,987	21,987
Other reserves	8,681	8,368	13,499	13,393
Accumulated profits	44,994	43,799	16,715	15,319
Equity attributable to equity holders of the Company	75,662	74,154	52,201	50,699
Non-controlling interests	10	11	-	-
Total equity	75,672	74,165	52,201	50,699
<u>Non-current liabilities</u>				
Deferred tax liabilities	175	187	41	41
Loans and borrowings	4,988	4,987	4,988	4,987
Trade and other payables	5,057	4,912	-	-
	10,220	10,086	5,029	5,028
<u>Current liabilities</u> (Note 2)				
Trade and other payables	72,643	89,299	37,662	37,738
Excess of progress billings over work-in-progress	241	62	-	-
Provision for warranties	217	209	3	3
Current tax payable	1,243	849	384	197
Loans and borrowings	20,425	14,473	7,000	5,000
Deferred revenue	3,899	4,728	-	-
	98,668	109,620	45,049	42,938
Total liabilities	108,888	119,706	50,078	47,966
Total equity and liabilities	184,560	193,871	102,279	98,665

Notes:

- (1) Group current assets were lower by \$8.8M mainly due to lower cash and cash equivalents.
- (2) Group current liabilities were lower by \$11.0M due to lower trade payables. However, there were new bank loans to finance working capital requirements.



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1(b)(ii) GROUP BORROWING

In S\$'000	As at 31/03/2016	As at 31/12/2015
Amount repayable in one year or less		
Bank loan – unsecured	20,425	14,473
Amount repayable after one year		
Bank loan – unsecured	4,988	4,987
Total	<hr/> 25,413 <hr/>	<hr/> 19,460 <hr/>

Details of any collateral

Nil

1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2016

In S\$'000	1Q2016	1Q2015
Operating Activities		
Profit before income tax	1,855	1,262
Adjustments for:		
Amortisation of intangible assets	149	385
Depreciation of property, plant and equipment	522	370
Finance costs	284	254
Finance income	(105)	(98)
Gain on disposal of property, plant and equipment and intangible assets	(1)	(1)
Loss on disposal of a joint venture	-	409
Provision for warranties	5	3
Share-based payments expenses	106	87
Cash from operating profit before working capital changes	2,815	2,671
Changes in working capital	(16,518)	(3,198)
Cash generated from operations	(13,703)	(527)
Income tax refund/(paid)	6	(82)
Net cash outflow from operating activities	(13,697)	(609)
Investing Activities		
Purchase of intangible assets	(52)	(11)
Purchase of property, plant and equipment	(958)	(134)
Proceeds from disposal of property, plant and equipment	15	3
Interest received	11	29
Net cash outflow from investing activities	(984)	(113)
Financing Activities		
Interest paid	(217)	(223)
Proceeds from bank loans	8,553	3,470
Repayment of short term bank loans	(2,600)	(1,238)
Net cash inflow from financing activities	5,736	2,009
Net (decrease)/increase in cash and cash equivalents	(8,945)	1,287
Cash and cash equivalents at beginning of period	44,584	37,986
Effect of exchange rate changes on balances held in foreign currency	29	12
Cash and cash equivalents at end of period	35,668	39,285

Cash flows from operating activities

Higher net cash outflow in 1Q2016 was mainly due to higher negative change in working capital in the current period. Higher negative change in working capital was from lower payables and higher trade receivables from related corporations partly mitigated by lower inventories and lower work-in-progress.

Cash flows from investing activities

Higher net cash outflow in 1Q2016 was mainly due to higher capital expenditure incurred for motor vehicles for projects in Indonesia.

Cash flow from financing activities

Higher net cash inflow in 1Q2016 was mainly due to higher net proceeds from bank borrowings.

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MARCH 2016

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 2015	21,987	40,775	9,346	72,108	169	72,277
Total comprehensive income for the period	-	769	390	1,159	(94)	1,065
Share-based payments expenses	-	-	87	87	-	87
At 31 March 2015	21,987	41,544	9,823	73,354	75	73,429
At 1 January 2016						
At 1 January 2016	21,987	43,799	8,368	74,154	11	74,165
Total comprehensive income for the period	-	1,195	207	1,402	(1)	1,401
Share-based payments expenses	-	-	106	106	-	106
At 31 March 2016	21,987	44,994	8,681	75,662	10	75,672
COMPANY						
At 1 January 2015	21,987	12,913	13,512	48,412	-	48,412
Total comprehensive income for the period	-	923	-	923	-	923
Share-based payments to employees of Company's subsidiaries	-	-	60	60	-	60
Share-based payments expenses	-	-	27	27	-	27
At 31 March 2015	21,987	13,836	13,599	49,422	-	49,422
At 1 January 2016						
At 1 January 2016	21,987	15,319	13,393	50,699	-	50,699
Total comprehensive income for the period	-	1,396	-	1,396	-	1,396
Share-based payments to employees of Company's subsidiaries	-	-	34	34	-	34
Share-based payments expenses	-	-	72	72	-	72
At 31 March 2016	21,987	16,715	13,499	52,201	-	52,201



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

A) Share Capital

As at 31 March 2016, the share capital of the Company amounted to \$21.987 million comprising 454,421,918 issued ordinary shares excluding treasury shares. (31 March 2015: 454,421,498 ordinary shares excluding treasury shares; 31 December 2015: 454,421,918 ordinary shares excluding treasury shares).

During the first quarter ended 31 March 2016, there was no issuance of new ordinary shares.

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

As at 31 March 2016, the number of outstanding shares granted under the Company's RSP and PSP were 5,616,760 (31 March 2015: 4,861,000) and 2,043,890 (31 March 2015: 1,923,570) respectively.

C) Treasury Shares

During the quarter, the Company did not purchase any of its ordinary shares from the market. As at 31 March 2016, there were 582 (31 March 2015: 1,002) treasury shares representing approximately 0.0001% of the total issued share capital of the Company.

2. AUDIT

The results have not been audited nor reviewed by the Company's auditor.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and method of computation in the preparation of the current period financial statements compared to those used in the annual report for the financial year ended 31 December 2015.

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 2016. 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.

6. EARNINGS PER ORDINARY SHARE (EPS)

Group	1Q2016	1Q2015	FY2015
Basic	0.26	0.17	2.26
Diluted	0.26	0.17	2.26

7. NET ASSET VALUE PER ORDINARY SHARE

	GROUP		COMPANY	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	16.65	16.32	11.49	11.16

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

S\$M	1Q2016	1Q2015	Growth	
			\$	%
Personal Communications Solutions Services (“ PCS ”)	95.7	95.1	0.6	1%
Info-Communications Technology Services (“ ICT ”)	25.8	20.1	5.7	28%
Network Engineering Services (“ Engineering ”)	12.4	11.1	1.3	12%
Total	133.9	126.3	7.6	6%

- **PCS** – Revenue increased by \$0.6M in 1Q2016 mainly due to higher sales to a major customer in Singapore and higher prepaid sales. These were offset by lower channel sales in Singapore. There was also lower revenue from Malaysia.
- **ICT** – Revenue increased by \$5.7M in 1Q2016 mainly due to higher equipment sales as well as more projects works carried out in 1Q2016.
- **Engineering** – Revenue increased by \$1.3M in 1Q2016 from higher Radio Network Planning projects revenue in Indonesia and partially offset by lower transmission equipment sales in Singapore.

B) PBT

S\$M	1Q2016	1Q2015	Growth	
			\$	%
PCS	2.0	2.2	(0.2)	(9%)
ICT	(0.4)	(1.1)	0.7	64%
Engineering	0.3	0.6	(0.3)	(50%)
Operating PBT	1.9	1.7	0.2	12%
Loss on disposal of a joint venture	-	(0.4)	0.4	nm
Group PBT	1.9	1.3	0.6	46%

- **PCS** – PBT decreased by \$0.2M in 1Q2016 compared to 1Q2015 mainly due to lower profit contribution from Singapore operations partially mitigated by higher profit contribution from Malaysia operations.
- **ICT** – Losses decreased by \$0.7M in 1Q2016 compared to 1Q2015 mainly due to higher revenue with higher gross profits. There were also lower amortisation expenses since the intangible assets acquired from the investment in S&I have been fully amortised. Excluding the amortisation of intangible assets arising from the acquisitions, operating loss for 1Q2016 and 1Q2015 were at \$0.4M and \$0.8M respectively.
- **Engineering** – PBT decreased by \$0.3M in 1Q2016 compared to 1Q2015 mainly due to weaker performance from Singapore operations.
- In 1Q2015, loss on disposal of a joint venture is related to the disposal of a foreign joint venture. The loss arose from reclassification of exchange reserve to income statement.

9. VARIANCE FROM PROSPECT STATEMENT

The Group's operating performance for 1Q2016 was better compared to 1Q2015. This varied from the prospect statement set out in the FY2015 financial results announcement dated 26 February 2016 which stated that the Group expects the operating performance for 1Q2016 to be maintained at the same level as 1Q2015.

10. PROSPECTS

Based on the current outlook and barring any unforeseen circumstances, the Group expects operating performance for 2Q2016 to be weaker, with operating performance for the full year not to be worse off than the preceding financial year.

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



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(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, 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-ST Listing Manual	
	1Q2016	1Q2015
<u>Transactions for the sales of goods and services</u>		
Temasek Holdings (Private) Limited and its Associates	55.7	54.0
<u>Transactions for the purchases of goods and services</u>		
Temasek Holdings (Private) Limited and its Associates	30.3	43.1
Total Interested Person Transactions	86.0	97.1

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-ST Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial statements for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President

Date: 5 May 2016