



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

**PART I - UNAUDITED RESULTS FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2017**

**1(a)(i) INCOME STATEMENT FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2017**

In S\$'000	1Q2017	1Q2016	+/- %
Revenue	113,434	133,936	-15.3%
Cost of sales	(105,972)	(124,911)	-15.2%
<b>Gross profit</b> (Note 1a)	<b>7,462</b>	<b>9,025</b>	<b>-17.3%</b>
Gross margin % (Note 1b)	6.6%	6.7%	-0.1ppt
Other income (Note 2)	181	419	-56.8%
Selling and marketing expenses	(2,612)	(2,847)	-8.3%
Administrative expenses	(4,181)	(4,298)	-2.7%
Other expenses (Note 3)	(83)	(265)	-68.7%
Net finance costs (Note 4)	(151)	(179)	-15.6%
<b>Operating profit before income tax</b>	<b>616</b>	<b>1,855</b>	<b>-66.8%</b>
<i>% of revenue</i>	<i>0.5%</i>	<i>1.4%</i>	<i>-0.9ppt</i>
Share of profit of an associate (net of tax) (Note 5)	22	-	nm
<b>Profit before income tax</b>	<b>638</b>	<b>1,855</b>	<b>-65.6%</b>
<i>% of revenue</i>	<i>0.6%</i>	<i>1.4%</i>	<i>-0.8ppt</i>
Income tax expense (Note 6)	(252)	(661)	-61.9%
<b>Profit for the period</b>	<b>386</b>	<b>1,194</b>	<b>-67.7%</b>
Attributable to:			
<b>Equity holders of the Company</b>	<b>387</b>	<b>1,195</b>	<b>-67.6%</b>
<i>% of revenue</i>	<i>0.3%</i>	<i>0.9%</i>	<i>-0.6ppt</i>
Non-controlling interests	(1)	(1)	-
	386	1,194	-67.7%
Weighted average number of shares (in '000)	455,945	454,422	
<b>Earnings per share (in cents)</b>			
Basic	0.08	0.26	
Diluted	0.08	0.26	

**STATEMENT OF COMPREHENSIVE INCOME FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2017**

In S\$'000	1Q2017	1Q2016	+/- %
<b>Profit for the period</b>	<b>386</b>	<b>1,194</b>	<b>-67.7%</b>
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Translation differences relating to financial statements of foreign subsidiaries	(286)	285	nm
Share of foreign currency translation differences of associate	(15)	-	nm
Exchange differences on monetary items forming part of net investment in foreign operations	(183)	(78)	134.6%
<b>Total comprehensive income for the period</b>	<b>(98)</b>	<b>1,401</b>	<b>-107.0%</b>
Attributable to:			
Equity holders of the Company	(97)	1,402	-106.9%
Non-controlling interests	(1)	(1)	-
<b>Total comprehensive income for the period</b>	<b>(98)</b>	<b>1,401</b>	<b>-107.0%</b>

nm - not meaningful

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

In S\$'000	1Q2017	1Q2016	+/- %
Staff costs	12,265	11,545	6.2%
Provision of directors' remuneration, included in staff costs	130	130	-
Depreciation of property, plant and equipment	556	522	6.5%
Amortisation of intangible assets (Note 7)	127	149	-14.8%
Provision for bad debts and bad debts written off/(back) (Note 8)	(38)	10	nm
Exchange loss/(gain) (Note 9)	-	193	nm
Write (back)/down of inventories to net realisable value (Note 10)	87	(386)	- 122.5%
Adjustments for under provision of tax in respect of prior years (Note 11)	5	28	-82.1%

Notes:

- (1a) In 1Q2017, all business divisions reported lower gross profit against previous period.
- (1b) In 1Q2017, Engineering division reported lower gross margins against previous period.
- (2) Lower other income in 1Q2017 was attributed to lower government grants under the wage credit scheme.
- (3) Lower other expenses were due to lower net exchange losses in 1Q2017.
- (4) Lower net finance cost in 1Q2017 was mainly due to lower level of borrowings resulting in lower interest expenses.
- (5) The Company's wholly-owned subsidiary, NxGen Communications Pte Ltd ("**NxGen**"), had on 16 May 2016 acquired an approximate 25.19% stake in MVI. MVI became an associate of NxGen with effect from 16 May 2016.
- (6) Lower income tax expense in 1Q2017 was due to lower profits.
- (7) Lower amortisation in 1Q2017 was due to lower purchases of intangible assets.
- (8) Write back of bad debts in 1Q2017 was attributed to ICT customers.
- (9) In 1Q2017, exchange gain due to the weakening of USD against SGD on USD payables was offset by the exchange loss due to the weakening of Ringgit against SGD on Ringgit receivables. Net exchange loss in 1Q2016 arose mainly from USD receivables and bank balances due to the weakening of USD against SGD.
- (10) In 1Q2017 there were higher inventories provision due to higher stock balances held. In 1Q2016, there were reversal of inventories provision for mobile phones which have been sold.
- (11) Adjustments for the under provision of tax in 1Q2017 and 1Q2016 were due to the differences in final tax assessment and tax estimates made in prior year.

**1(b)(i) STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017**

In S\$'000	Group		Company	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
<b><u>Non-current assets</u></b>				
Subsidiaries	-	-	37,991	37,659
Associate	2,238	2,231	-	-
Property, plant and equipment	3,431	3,639	354	415
Intangible assets	12,404	12,448	80	122
Deferred tax assets	810	600	-	-
Trade and other receivables	4,317	4,422	-	-
	<b>23,200</b>	<b>23,340</b>	<b>38,425</b>	<b>38,196</b>
<b><u>Current assets</u></b>				
Inventories	21,961	15,874	19,136	12,904
Work-in-progress	22,895	24,972	-	-
Trade and other receivables	63,615	58,862	25,112	21,628
Cash and cash equivalents	41,140	48,870	17,151	19,693
	<b>149,611</b>	<b>148,578</b>	<b>61,399</b>	<b>54,225</b>
<b>Total assets</b>	<b>172,811</b>	<b>171,918</b>	<b>99,824</b>	<b>92,421</b>
<b><u>Equity</u></b>				
Share capital	21,987	21,987	21,987	21,987
Other reserves	8,668	9,053	13,476	13,377
Accumulated profits	44,631	44,244	14,878	14,236
<b>Equity attributable to equity holders of the Company</b>	<b>75,286</b>	<b>75,284</b>	<b>50,341</b>	<b>49,600</b>
Non-controlling interests	299	6	-	-
<b>Total equity</b>	<b>75,585</b>	<b>75,290</b>	<b>50,341</b>	<b>49,600</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	-	-	45	45
Loans and borrowings	4,993	4,992	4,993	4,992
Trade and other payables	3,170	3,354	-	-
	<b>8,163</b>	<b>8,346</b>	<b>5,038</b>	<b>5,037</b>
<b><u>Current liabilities</u></b>				
Trade and other payables	72,062	75,575	44,266	37,517
Excess of progress billings over work-in-progress	126	51	-	-
Provision for warranties	204	205	3	3
Current tax payable	833	781	176	264
Loans and borrowings	9,775	7,116	-	-
Deferred revenue	6,063	4,554	-	-
	<b>89,063</b>	<b>88,282</b>	<b>44,445</b>	<b>37,784</b>
<b>Total liabilities</b>	<b>97,226</b>	<b>96,628</b>	<b>49,483</b>	<b>42,821</b>
<b>Total equity and liabilities</b>	<b>172,811</b>	<b>171,918</b>	<b>99,824</b>	<b>92,421</b>



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

**In S\$'000**

	<b>As at 31/03/2017</b>	<b>As at 31/12/2016</b>
<b>Amount repayable in one year or less</b>		
Bank loan – unsecured	9,775	7,116
<b>Amount repayable after one year</b>		
Bank loan – unsecured	4,993	4,992
Total	<u>14,768</u>	<u>12,108</u>

**Details of any collateral**

Nil

**1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2017**

<b>In S\$'000</b>	<b>1Q2017</b>	<b>1Q2016</b>
<b>Operating Activities</b>		
Profit before income tax	638	1,855
Adjustments for:		
Amortisation of intangible assets	127	149
Depreciation of property, plant and equipment	556	522
Finance costs	221	284
Finance income	(70)	(105)
Gain on disposal of property, plant and equipment and intangible assets	8	(1)
Provision for warranties	3	5
Share-based payments expenses	99	106
Share of profit of an associate	(22)	-
Cash from operating profit before working capital changes	1,560	2,815
Changes in working capital	(11,061)	(16,518)
Cash generated from operations	(9,501)	(13,703)
Income tax refund/(paid)	(417)	6
<b>Net cash outflow from operating activities</b>	<b>(9,918)</b>	<b>(13,697)</b>
<b>Investing Activities</b>		
Purchase of intangible assets	-	(52)
Purchase of property, plant and equipment	(477)	(958)
Proceeds from disposal of property, plant and equipment	-	15
Interest received	10	11
<b>Net cash outflow from investing activities</b>	<b>(467)</b>	<b>(984)</b>
<b>Financing Activities</b>		
Capital contribution from non-controlling interests	294	-
Interest paid	(176)	(217)
Proceeds from bank loans	2,980	8,553
Repayment of short term bank loans	(320)	(2,600)
<b>Net cash inflow from financing activities</b>	<b>2,778</b>	<b>5,736</b>
Net (decrease) in cash and cash equivalents	(7,607)	(8,945)
Cash and cash equivalents at beginning of period	48,870	44,584
Effect of exchange rate changes on balances held in foreign currencies	(123)	29
<b>Cash and cash equivalents at end of period</b>	<b>41,140</b>	<b>35,668</b>

Cash flows from operating activities

Lower net cash outflow in 1Q2017 was due to lower negative change in working capital in the current period due to lower revenue. There were higher income taxes paid in 1Q2017 due to additional tax payable in the final tax assessment.

Cash flows from investing activities

Lower net cash outflow in 1Q2017 was mainly due to lower capital expenditure incurred.

Cash flow from financing activities

Lower net cash inflow in 1Q2017 was due to lower net proceeds from bank borrowings. There was also a capital contribution from a non-controlling interest.

**1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2017**

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 2016</b>	<b>21,987</b>	<b>43,799</b>	<b>8,368</b>	<b>74,154</b>	<b>11</b>	<b>74,165</b>
Total comprehensive income for the period	-	1,195	207	1,402	(1)	1,401
Share-based payments expenses	-	-	106	106	-	106
<b>At 31 March 2016</b>	<b>21,987</b>	<b>44,994</b>	<b>8,681</b>	<b>75,662</b>	<b>10</b>	<b>75,672</b>
<b>At 1 January 2017</b>						
<b>At 1 January 2017</b>	<b>21,987</b>	<b>44,244</b>	<b>9,053</b>	<b>75,284</b>	<b>6</b>	<b>75,290</b>
Total comprehensive income for the period	-	387	(484)	(97)	(1)	(98)
Capital contribution from non-controlling interests	-	-	-	-	294	294
Share-based payments expenses	-	-	99	99	-	99
<b>At 31 March 2017</b>	<b>21,987</b>	<b>44,631</b>	<b>8,668</b>	<b>75,286</b>	<b>299</b>	<b>75,585</b>
<b>COMPANY</b>						
<b>At 1 January 2016</b>	<b>21,987</b>	<b>15,319</b>	<b>13,393</b>	<b>50,699</b>	<b>-</b>	<b>50,699</b>
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
<b>At 31 March 2016</b>	<b>21,987</b>	<b>16,715</b>	<b>13,499</b>	<b>52,201</b>	<b>-</b>	<b>52,201</b>
<b>At 1 January 2017</b>						
<b>At 1 January 2017</b>	<b>21,987</b>	<b>14,236</b>	<b>13,377</b>	<b>49,600</b>	<b>-</b>	<b>49,600</b>
Total comprehensive income for the period	-	642	-	642	-	642
Share-based payments to employees of Company's subsidiaries	-	-	25	25	-	25
Share-based payments expenses	-	-	74	74	-	74
<b>At 31 March 2017</b>	<b>21,987</b>	<b>14,878</b>	<b>13,476</b>	<b>50,341</b>	<b>-</b>	<b>50,341</b>



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

**A) Share Capital**

As at 31 March 2017, the share capital of the Company amounted to \$21.987 million comprising 454,406,178 issued ordinary shares excluding treasury shares. (31 March 2016: 454,421,918 ordinary shares excluding treasury shares; 31 December 2016: 454,406,178 ordinary shares excluding treasury shares).

During the first quarter ended 31 March 2017, there was no issuance of new ordinary shares.

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

As at 31 March 2017, the number of outstanding shares granted under the Company's RSP and PSP were 6,241,138 (31 March 2016: 5,616,760) and 2,732,640 (31 March 2016: 2,043,890) respectively.

**C) Treasury Shares**

During the quarter, the Company did not purchase any of its ordinary shares from the market. As at 31 March 2017, there were 16,322 (31 March 2016: 582) treasury shares representing approximately 0.0036% 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 2016.

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 2017. 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.

Certain new standards and amendments to standards are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt these standards early. The new standards and amendments to standards which are expected to have an effect on the financial statements of the Group and the Company in the future financial periods include:

1. Convergence with International Financial Reporting Standards (IFRS)
2. FRS 115 Revenue from Contracts with Customers
3. FRS 109 Financial Instruments
4. FRS 116 Leases

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.

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

Group	1Q2017	1Q2016	FY2016
Basic	0.08	0.26	1.69
Diluted	0.08	0.26	1.69

**7. NET ASSET VALUE PER ORDINARY SHARE**

	GROUP		COMPANY	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	16.57	16.57	11.08	10.92

**8. REVIEW OF GROUP PERFORMANCE**

**A) Revenue**

S\$M	1Q2017	1Q2016	Growth	
			\$	%
Personal Communications Solutions Services (“ <b>PCS</b> ”)	80.1	95.7	(15.6)	(16%)
Info-Communications Technology Services (“ <b>ICT</b> ”)	17.9	25.8	(7.9)	(31%)
Network Engineering Services (“ <b>Engineering</b> ”)	15.4	12.4	3.0	24%
Group Revenue	113.4	133.9	(20.5)	(15%)

- **PCS** – Revenue decreased by \$15.6M in 1Q2017 mainly due to lack of new phones sales. In 1Q2016 there were sales of Samsung S7 and S7 Edge recorded.
- **ICT** – Revenue decreased by \$7.9M in 1Q2017 mainly due to lower spending by both commercial and public sector customers.
- **Engineering** – Revenue increased by \$3.0M in 1Q2017 from all countries.





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**B) PBT**

S\$M	1Q2017	1Q2016	Growth	
			\$	%
PCS	1.3	2.0	(0.7)	(35%)
ICT	(0.9)	(0.4)	(0.5)	(125%)
Engineering	0.2	0.3	(0.1)	(33%)
Group PBT	0.6	1.9	(1.3)	(68%)

- **PCS** – PBT decreased by \$0.7M in 1Q2017 from both Singapore and Malaysian operations. The lower PBT in Singapore was due to the lower revenue. The lower PBT in Malaysia was due to lower fixed fees received from a customer in Malaysia as compared to the previous period.
- **ICT** – Losses increased by \$0.5M in 1Q2017 compared to 1Q2016 mainly due to lower revenue with lower gross profits partially mitigated by lower operating expenses.
- **Engineering** – PBT decreased by \$0.1M in 1Q2017 compared to 1Q2016 mainly due to weaker performance from Singapore operations.

**9. VARIANCE FROM PROSPECT STATEMENT**

There are no material variances between the prospect statement set out in the 4Q2016 announcement dated 24 February 2017 and the actual results for 1Q2017.

**10. PROSPECTS**

Based on the current outlook and barring any unforeseen circumstances, the Group expects operating performance for 2Q2017 to be stronger than 1Q2017. However, operating performance for the full year is expected to be lower 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

**(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-ST Listing Manual	
	1Q2017	1Q2016
<b><u>Transactions for the sales of goods and services</u></b>		
Temasek Holdings (Private) Limited and its Associates	45.9	55.7
<b><u>Transactions for the purchases of goods and services</u></b>		
Temasek Holdings (Private) Limited and its Associates	25.1	30.3
<b>Total Interested Person Transactions</b>	<b>71.0</b>	<b>86.0</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-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 2017 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: 15 May 2017