



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2017

1(a)(i) INCOME STATEMENT FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2017

In S\$'000	3Q2017	3Q2016	+/- %	9M2017	9M2016	+/- %
Revenue	122,728	127,441	-3.7%	386,312	385,954	0.1%
Cost of sales	(114,397)	(117,626)	-2.7%	(361,295)	(358,791)	0.7%
Gross profit (Note 1a)	8,331	9,815	-15.1%	25,017	27,163	-7.9%
Gross margin % (Note 1b)	6.8%	7.7%	-0.9 ppt	6.5%	7.0%	-0.6 ppt
Other income (Note 2)	17	78	-78.2%	565	585	-3.4%
Selling and marketing expenses (Note 3)	(2,573)	(2,876)	-10.5%	(7,855)	(8,617)	-8.8%
Administrative expenses	(3,978)	(4,028)	-1.2%	(12,369)	(12,496)	-1.0%
Other expenses (Note 4)	(261)	(33)	690.9%	(457)	(426)	7.3%
Net finance costs	(214)	(229)	-6.6%	(631)	(618)	2.1%
Operating profit before income tax	1,322	2,727	-51.5%	4,270	5,591	-23.6%
<i>% of revenue</i>	1.1%	2.1%	-1.0 ppt	1.1%	1.4%	-0.3 ppt
Share of profit of associate (net of tax) (Note 5)	176	32	450.0%	106	102	3.9%
Profit before income tax	1,498	2,759	-45.7%	4,376	5,693	-23.1%
<i>% of revenue</i>	1.2%	2.2%	-1.0 ppt	1.1%	1.5%	-0.4 ppt
Income tax expense (Note 6)	(433)	(722)	-40.0%	(1,214)	(1,957)	-38.0%
Profit for the period	1,065	2,037	-47.7%	3,162	3,736	-15.4%
Attributable to:						
Equity holders of the Company	1,045	2,039	-48.7%	3,141	3,742	-16.1%
<i>% of revenue</i>	0.9%	1.6%	-0.7 ppt	0.8%	1.0%	-0.2 ppt
Non-controlling interests	20	(2)	nm	21	(6)	nm
	1,065	2,037	-47.7%	3,162	3,736	-15.4%
Weighted average number of shares (in '000)	454,388	453,699		453,441	454,139	
Earnings per share (in cents)						
Basic	0.23	0.45		0.69	0.82	
Diluted	0.23	0.45		0.69	0.82	

nm - not meaningful

STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2017

In S\$'000	3Q2017	3Q2016	+/- %	9M2017	9M2016	+/- %
Profit for the period	1,065	2,037	-47.7%	3,162	3,736	-15.4%
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Translation differences relating to financial statements of foreign subsidiaries	(370)	323	nm	(677)	302	nm
Share of foreign currency translation differences of associate	(41)	6	nm	(41)	(2)	1950.0%
Exchange differences on monetary items forming part of net investment in a foreign operations	(210)	116	nm	(453)	(53)	754.7%
Total comprehensive income for the period	444	2,482	-82.1%	1,991	3,983	-50.0%
Attributable to:						
Equity holders of the Company	424	2,484	-82.9%	1,970	3,989	-50.6%
Non-controlling interests	20	(2)	nm	21	(6)	nm
Total comprehensive income for the period	444	2,482	-82.1%	1,991	3,983	-50.0%

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

In S\$'000	3Q2017	3Q2016	+/- %	9M2017	9M2016	+/- %
Staff costs	12,074	11,890	1.5%	37,173	35,470	4.8%
Provision of directors' remuneration, included in staff costs	130	130	-	388	390	-0.5%
Depreciation of property, plant and equipment	564	546	3.3%	1,690	1,597	5.8%
Amortisation of intangible assets (Note 7)	101	142	-28.9%	353	432	-18.3%
Provision for bad debts and bad debts written (back)/off (Note 8)	(16)	(5)	210.4%	(30)	25	nm
Exchange loss/(gain) (Note 9)	181	(39)	nm	115	108	6.5%
Write (back)/down of inventories to net realisable value (Note 10)	(227)	208	nm	(82)	(186)	-55.9%
Adjustments for (over)/under provision of tax in respect of prior years (Note 11)	(24)	18	nm	(19)	39	nm

nm - not meaningful



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Notes:

- (1a) In 3Q2017, all business divisions reported lower gross profit against 3Q2016. In 9M2017, PCS and ICT divisions reported lower gross profit against 9M2016.
- (1b) In 3Q2017 and 9M2017, all business divisions reported lower gross margins against 3Q2016 and 9M2016.
- (2) Higher other income in 3Q2016 was from a grant under the Global Company Partnership offered by International Enterprise Singapore for the investment in MVI Systems Limited ("MVI").
- (3) Lower selling and marketing expenses in 3Q2017 and 9M2017 were attributable to lower staff costs.
- (4) Higher other expenses in 3Q2017 and 9M2017 were mainly due to higher net foreign exchange loss.
- (5) Higher share of profit from associate was mainly contributed by MVI.
- (6) Lower income tax expense in 3Q2017 and 9M2017 were mainly due to lower profit.
- (7) Lower amortisation in 3Q2017 and 9M2017 were mainly due to intangible assets being fully amortised.
- (8) Bad debts written back in 3Q2017 and 9M2017 were attributed to ICT customers.
- (9) Net exchange loss in 3Q2017 arose mainly from USD receivables and bank balances due to the weakening of USD against SGD. Net exchange gain in 3Q2016 arose mainly from USD receivables and bank balances due to the strengthening of USD against SGD. Net exchange loss in 9M2017 and 9M2016 arose mainly from USD receivables and bank balances due to the weakening of USD against SGD.
- (10) Inventories written back in 3Q2017 and 9M2017 were due to mobile phones which have been sold.
- (11) Adjustments for the over provision of tax in 3Q2017 and 9M2017 were due to the differences in final tax assessment and tax estimates made in prior years.



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

In S\$'000	Group		Company	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
<u>Non-current assets</u>				
Subsidiaries	-	-	38,053	37,659
Associate	2,296	2,231	-	-
Property, plant and equipment	3,035	3,639	413	415
Intangible assets	12,293	12,448	64	122
Deferred tax assets	1,058	600	-	-
Trade and other receivables	4,969	4,422	-	-
	23,651	23,340	38,530	38,196
<u>Current assets</u> (Note 1)				
Inventories	20,218	15,874	16,787	12,904
Work-in-progress	30,249	24,972	-	-
Trade and other receivables	77,893	58,862	40,297	21,628
Cash and cash equivalents	28,513	48,870	9,501	19,693
	156,873	148,578	66,585	54,225
Total assets	180,524	171,918	105,115	92,421
<u>Equity</u>				
Share capital	21,987	21,987	21,987	21,987
Other reserves	7,698	9,053	13,193	13,377
Accumulated profits	40,115	44,244	11,617	14,236
Equity attributable to equity holders of the Company	69,800	75,284	46,797	49,600
Non-controlling interests	321	6	-	-
Total equity	70,121	75,290	46,797	49,600
<u>Non-current liabilities</u> (Note 2)				
Deferred tax liabilities	-	-	45	45
Loans and borrowings	-	4,992	-	4,992
Trade and other payables	3,720	3,354	-	-
	3,720	8,346	45	5,037
<u>Current liabilities</u> (Note 3)				
Trade and other payables	84,779	75,575	53,793	37,517
Excess of progress billings over work-in-progress	83	51	-	-
Provision for warranties	201	205	-	3
Current tax payable	937	781	480	264
Loans and borrowings	14,886	7,116	4,000	-
Deferred revenue	5,797	4,554	-	-
	106,683	88,282	58,273	37,784
Total liabilities	110,403	96,628	58,318	42,821
Total equity and liabilities	180,524	171,918	105,115	92,421

Notes:

- (1) Group current assets were higher by \$8.3M mainly due to higher trade receivables due from related corporations and higher inventories purchased for forecasted mobile phones sales for 4Q2017.
- (2) Group non-current liabilities were lower by \$4.6M mainly due to the early repayment of a long-term loan.
- (3) Group current liabilities were higher by \$18.4M mainly due to higher trade and other payables and additional bank loans obtained to finance short term working capital requirements.



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1(b)(ii) GROUP BORROWING

In S\$'000

	As at 30/09/2017	As at 31/12/2016
Amount repayable in one year or less		
Bank loan – unsecured	14,886	7,116
Amount repayable after one year		
Bank loan – unsecured	-	4,992
Total	14,886	12,108

Details of any collateral

Nil

1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2017

In S\$'000	3Q2017	3Q2016	9M2017	9M2016
Operating Activities				
Profit before income tax	1,498	2,759	4,376	5,693
Adjustments for:				
Amortisation of intangible assets	101	142	353	432
Depreciation of property, plant and equipment	564	546	1,690	1,597
Finance costs	295	321	876	936
Finance income	(81)	(92)	(245)	(318)
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(1)	8	8	5
Provision for warranties	1	2	6	8
Share-based payments expenses	92	99	276	298
Share of profit of associate	(176)	(32)	(106)	(102)
Cash from operating profit before working capital changes	2,293	3,753	7,234	8,549
Changes in working capital	(7,372)	21,708	(19,003)	6,007
Cash generated from operations	(5,079)	25,461	(11,769)	14,556
Income tax paid	(610)	(700)	(1,498)	(1,562)
Net cash (outflow)/inflow from operating activities	(5,689)	24,761	(13,267)	12,994
Investing Activities				
Acquisition of an associate	-	-	-	(2,058)
Purchase of intangible assets	(9)	(18)	(199)	(121)
Purchase of property, plant and equipment	(407)	(483)	(1,172)	(1,679)
Proceeds from disposal of property, plant and equipment	-	2	-	21
Interest received	14	13	37	34
Net cash outflow from investing activities	(402)	(486)	(1,334)	(3,803)
Financing Activities				
Capital contribution from non-controlling interests	-	-	294	-
Dividend paid	-	-	(7,270)	(7,271)
Interest paid	(246)	(261)	(719)	(736)
Purchase of treasury shares	-	(293)	(615)	(549)
Proceeds from bank loans	365	6,932	9,244	18,118
Repayment of bank loans	-	(15,484)	(6,466)	(19,984)
Net cash inflow/(outflow) from financing activities	119	(9,106)	(5,532)	(10,422)
Net decrease in cash and cash equivalents	(5,972)	15,169	(20,133)	(1,231)
Cash and cash equivalents at beginning of period	34,660	28,183	48,870	44,584
Effect of exchange rate changes on balances held in foreign currency	(175)	9	(224)	8
Cash and cash equivalents at end of period	28,513	43,361	28,513	43,361

Cash flows from operating activities

Higher net cash outflow in 3Q2017 and 9M2017 were due to higher negative changes in working capital. The negative changes in working capital were from higher trade receivables, higher inventories partially offset by higher trade payables.

Cash flows from investing activities

Higher net cash outflow in 9M2016 was mainly due to acquisition of MVI, an associate of NxGen and higher capital expenditure incurred for motor vehicles for projects in Indonesia.

Cash flow from financing activities

Higher net cash outflow in 3Q2016 and 9M2016 were due to higher net repayment of bank loans.



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2017

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 July 2016	21,987	38,231	8,113	68,331	7	68,338
Total comprehensive income for the period	-	2,039	445	2,484	(2)	2,482
Purchase of treasury shares	-	-	(293)	(293)	-	(293)
Issue of treasury share	-	-	136	136	-	136
Share-based payments expenses	-	-	99	99	-	99
At 30 September 2016	21,987	40,270	8,500	70,757	5	70,762
At 1 July 2017						
Total comprehensive income for the period	-	1,045	(621)	424	20	444
Share-based payments expenses	-	-	92	92	-	92
At 30 September 2017	21,987	40,115	7,698	69,800	321	70,121
At 1 January 2016						
Total comprehensive income for the period	-	3,742	247	3,989	(6)	3,983
Purchase of treasury shares	-	-	(549)	(549)	-	(549)
Issue of treasury share	-	-	136	136	-	136
Share-based payments expenses	-	-	298	298	-	298
FY2015 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)	-	(7,271)
At 30 September 2016	21,987	40,270	8,500	70,757	5	70,762
At 1 January 2017						
Total comprehensive income for the period	-	3,141	(1,171)	1,970	21	1,991
Purchase of treasury shares	-	-	(615)	(615)	-	(615)
Issue of treasury shares	-	-	155	155	-	155
Share-based payments expenses	-	-	276	276	-	276
Capital contribution from non-controlling interest	-	-	-	-	294	294
FY2016 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,270)	-	(7,270)	-	(7,270)
At 30 September 2017	21,987	40,115	7,698	69,800	321	70,121



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In S\$'000	Share capital	Accumulated profits	Other reserves	Total equity
<u>COMPANY</u>				
At 1 July 2016	21,987	11,132	13,336	46,455
Total comprehensive income for the period	-	1,515	-	1,515
Purchase of treasury shares	-	-	(293)	(293)
Issue of treasury shares	-	-	136	136
Share-based payments to employees of Company's subsidiaries	-	-	25	25
Share-based payments expenses	-	-	74	74
At 30 September 2016	21,987	12,647	13,278	47,912
At 1 July 2017	21,987	10,182	13,101	45,270
Total comprehensive income for the period	-	1,435	-	1,435
Share-based payments to employees of Company's subsidiaries	-	-	29	29
Share-based payments expenses	-	-	63	63
At 30 September 2017	21,987	11,617	13,193	46,797
At 1 January 2016	21,987	15,319	13,393	50,699
Total comprehensive income for the period	-	4,599	-	4,599
Purchase of treasury shares	-	-	(549)	(549)
Issue of treasury shares	-	-	136	136
Share-based payments to employees of Company's subsidiaries	-	-	75	75
Share-based payments expenses	-	-	223	223
FY2015 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,271)	-	(7,271)
At 30 September 2016	21,987	12,647	13,278	47,912
At 1 January 2017	21,987	14,236	13,377	49,600
Total comprehensive income for the period	-	4,651	-	4,651
Purchase of treasury shares	-	-	(615)	(615)
Issue of treasury shares	-	-	155	155
Share-based payments to employees of Company's subsidiaries	-	-	87	87
Share-based payments expenses	-	-	189	189
FY2016 final dividend of 1.6 cents per share (one-tier tax exempt)	-	(7,270)	-	(7,270)
At 30 September 2017	21,987	11,617	13,193	46,797



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

A) Share Capital

As at 30 September 2017, the share capital of the Company amounted to \$21.987 million comprising 454,387,796 issued ordinary shares excluding treasury shares. (30 September 2016: 454,406,178 issued ordinary shares excluding treasury shares; 31 December 2016: 454,406,178 issued ordinary shares excluding treasury shares).

During the third quarter ended 30 September 2017, there was no issuance of new ordinary shares.

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

As at 30 September 2017, the number of outstanding shares granted under the Company's RSP and PSP were 5,875,855 (30 September 2016: 6,241,138) and 2,995,320 (30 September 2016: 2,732,640) respectively.

C) Treasury Shares

During the third quarter ended 30 September 2017, the Company did not purchase any of its ordinary shares from the market. As at 30 September 2017, there were 34,704 (30 September 2016: 16,322) treasury shares representing approximately 0.0076% 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.



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6. EARNINGS PER ORDINARY SHARE (EPS)

Group	3Q2017	3Q2016	9M2017	9M2016	FY2016
Basic	0.23	0.45	0.69	0.82	1.69
Diluted	0.23	0.45	0.69	0.82	1.69

7. NET ASSET VALUE PER ORDINARY SHARE

	GROUP		COMPANY	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	15.36	16.57	10.30	10.92

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

S\$M	3Q2017	3Q2016	Growth		9M2017	9M2016	Growth	
			\$	%			\$	%
Personal Communications Solutions Services (“ PCS ”)	89.8	91.6	(1.8)	-2%	284.8	282.2	2.6	1%
Info-Communications Technology Services (“ ICT ”)	16.5	20.6	(4.1)	-20%	53.0	62.0	(9.0)	-15%
Network Engineering Services (“ Engineering ”)	16.4	15.2	1.2	8%	48.5	41.8	6.7	16%
Group Revenue	122.7	127.4	(4.7)	-4%	386.3	386.0	0.3	0.1%

- **PCS** – Revenue decreased by \$1.8M in 3Q2017 mainly due to lower prepaid sales and lower revenue from Malaysia partially mitigated by sales of Samsung Note 8 and iPhone 8/8+. In 9M2017, there were higher revenue from Singapore but lower revenue from Malaysia.
- **ICT** – Revenue decreased by \$4.1M in 3Q2017 and \$9M in 9M2017 mainly due to lower equipment sales, lower enterprise solutions sales and lower wholesale voice revenue.
- **Engineering** – Revenue increased by \$1.2M and \$6.7M in 3Q2017 and 9M2017 respectively. The higher revenue in 3Q2017 was mainly from Indonesia and Philippines operations. In 9M2017, all operations reported higher revenue.



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B) PBT

S\$M	3Q2017	3Q2016	Growth		9M2017	9M2016	Growth	
			\$	%			\$	%
PCS	1.5	1.9	(0.4)	-21%	4.7	5.6	(0.9)	-16%
ICT	(0.3)	0.3	(0.6)	-200%	(1.1)	(1.1)	-	-
Engineering	0.3	0.6	(0.3)	-50%	0.8	1.2	(0.4)	-33%
Group PBT	1.5	2.8	(1.3)	-46%	4.4	5.7	(1.3)	-23%

- **PCS** – PBT decreased by \$0.4M and \$0.9M in 3Q2017 and 9M2017 respectively mainly due to lower profit contribution from the Malaysian operations partially mitigated by the higher profit contribution from the Singapore operations.
- **ICT** – PBT decreased by \$0.6M in 3Q2017 and maintained at loss of \$1.1 in 9M2017 was mainly due to lower revenue mitigated by lower operating expenses.
- **Engineering** – PBT decreased by \$0.3M and \$0.4M in 3Q2017 and 9M2017 respectively mainly due to increase in operating expenses to support overseas operations.

9. VARIANCE FROM PROSPECT STATEMENT

There are no material variances between the prospect statement set out in the 2Q2017 announcement dated 14 August 2017 and the actual results for 3Q2017.

10. PROSPECTS

Based on the current outlook and barring any unforeseen circumstances, the Group expects operating performance for 4Q2017 and full year 2017 to be lower than the corresponding periods of 2016.

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			
	3Q2017	3Q2016	9M2017	9M2016
<u>Transactions for the sales of goods and services</u>				
Temasek Holdings (Private) Limited and its Associates	55.1	49.0	170.7	155.4
<u>Transactions for the purchases of goods and services</u>				
Temasek Holdings (Private) Limited and its Associates	23.4	24.9	72.9	86.2
Total Interested Person Transactions	78.5	73.9	243.6	241.6

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 third quarter and nine months ended 30 September 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: 14 November 2017